E/1989/SR.17-37

ECONOMIC AND SOCIAL COUNCIL

OFFICIAL RECORDS, 1989

PLENARY MEETINGS

VOLUME II

*Summary records of the plenary meetings
held during the second regular session of 1989*

UNITED NATIONS

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NOTE

The *Official Records of the Economic and Social Council, 1989*, consist of the summary records of *Plenary Meetings* (volumes I and II), incorporating corrections requested by delegations and any necessary editorial modifications, the *Supplements* (Nos. 1-15) and the *Lists of Delegations*.

The present volume contains the summary records of the plenary meetings held by the Council during the second regular session of 1989 (Geneva, 5-28 July 1989).

* * *

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ABBREVIATIONS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Co-ordination
ACP	African, Caribbean and Pacific (countries)
AfDB	African Development Bank
AIDS	acquired immuno-deficiency syndrome
ASEAN	Association of South-East Asian Nations
CDP	Committee for Development Planning
CMEA	Council for Mutual Economic Assistance
CSCE	Conference on Security and Co-operation in Europe
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
EEC	European Economic Community
ECLAC	Economic Commission for Latin America and the Caribbean
EFTA	European Free Trade Association
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
GATT	General Agreement on Tariffs and Trade
GDP	gross domestic product
GNP	gross national product
GSP	generalized system of trade preferences
HIV	human immuno-deficiency virus
IAEA	International Atomic Energy Agency
ICC	International Chamber of Commerce
ICFTU	International Confederation of Free Trade Unions
IDA	International Development Association
IDWSSD	International Drinking Water Supply and Sanitation Decade
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMF	International Monetary Fund
IMO	International Maritime Organization
IPCC	Intergovernmental Panel on Climate Changes
IPU	Inter-Parliamentary Union
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
LDCs	least developed countries
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PLO	Palestine Liberation Organization
PTA	preferential trade area
SADCC	Southern African Development Co-ordination Conference
SDRs	special drawing rights
SWAPO	South West African Peoples' Organization
UNCHS (Habitat)	United Nations Centre for Human Settlements
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNDRO	Office of the United Nations Disaster Relief Co-ordinator
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNOV	United Nations Office at Vienna
UNPAAERD	United Nations Programme of Action for African Economic Recovery and Development 1986-1990
UNRISD	United Nations Research Institute for Social Development
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WFC	World Food Council
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
WTO	World Tourism Organization

AGENDA OF THE SECOND REGULAR SESSION, 1989
adopted by the Council at its 17th meeting, on 5 July 1989

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2. General discussion of international economic and social policy, including regional and sectoral developments
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   - (*a*) Trade and development;
   - (*b*) Food and agriculture;
   - (*c*) Preparation of the international development strategy for the fourth United Nations development decade;
   - (*d*) Population;
   - (*e*) Human settlements;
   - (*f*) Environment;
   - (*g*) Desertification and drought;
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   - (*i*) Effective mobilization and integration of women in development
8. Operational activities for development:
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   - (*b*) Reports of governing bodies;
   - (*c*) Human resources development and the activities of the United Nations system in that field
9. Co-ordination questions:
   - (*a*) Reports of the Committee for Programme and Co-ordination and the Administrative Committee on Co-ordination;
   - (*b*) World Decade for Cultural Development;
   - (*c*) Prevention and control of acquired immuno-deficiency syndrome (AIDS);
   - (*d*) World Tourism Organization;
   - (*e*) Economic and technical aspects of marine affairs;
   - (*f*) Co-operation in the field of informatics
10. Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations
11. Programme and related questions:
    - (*a*) Proposed programme budget for the biennium 1990-1991;
    - (*b*) Calendar of conferences and meetings for 1990 and 1991

12. Co-operation for natural disaster reduction:
    (*a*) International Decade for Natural Disaster Reduction;
    (*b*) International strategy for the fight against the locust and grasshopper infestation, particularly in Africa
13. Special economic and humanitarian assistance:
    (*a*) Special programmes of economic assistance;
    (*b*) Humanitarian assistance
14. Report of the United Nations High Commissioner for Refugees
15. Elections and nominations

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E/1989/119/Add.9-A/44/339/Add.9	*Idem* (report submitted by UNIDO)	7 (*f*)	
E/1989/119/Add.10-A/44/339/Add.10	*Idem* (report submitted by IMO)	7 (*f*)	
E/1989/119/Add.11-A/44/339/Add.11	*Idem* (report submitted by IAEA)	7 (*f*)	
E/1989/120-A/44/140	Letter dated 20 June 1989 from the Permanent Representative of the Netherlands to the United Nations addressed to the Secretary-General	7 (*f*)	
E/1989/121 and Corr.1	Letter dated 30 June 1989 from the President of the Governing Council of UNDP to the President of the Economic and Social Council	8 (*b*)	
E/1989/122-A/44/351	Implementation of General Assembly resolutions 42/189A, B and C: report by the Secretary-General	7 (*g*)	
E/1989/123	Nomination and confirmation of members of the Board of UNRISD: note by the Bureau of the Council	15	
E/1989/124	Requests by non-governmental organizations to be heard by the Council at its second regular session of 1989: note by the Secretariat	1	
E/1989/125-A/44/376	Letter dated 6 July 1989 from the head of the Observer delegation of the German Democratic Republic to the Economic and Social Council addressed to the Secretary-General	2, 8 and 13	
E/1989/126-A/44/379	Letter dated 6 July 1989 from the head of the delegation of the Ukrainian Soviet Socialist Republic to the Economic and Social Council addressed to the Secretary-General	2	
E/1989/127	Letter dated 6 July 1989 from the head of the delegation of the Ukrainian Soviet Socialist Republic to the Economic and Social Council addressed to the Secretary-General	2 and 7 (*c*)	
E/1989/128-A/44/395	Letter dated 12 July 1989 from the Chargé d'affaires a.i. of the Permanent Mission of Albania to the United Nations addressed to the Secretary-General	6	
E/1989/129-A/44/401	Letter dated 18 July 1989 from the Chargé d'affaires a.i. of the Permanent Mission of Czechoslovakia to the United Nations addressed to the Secretary-General	2, 8 and 13	
E/1989/130	Report of the Third (Programme and Co-ordination) Committee	10	
E/1989/131	*Idem*	13	
E/1989/132	*Idem*	12	
E/1989/133	*Idem*	9	
E/1989/134	*Idem*	11 (*a*)	
E/1989/135	*Idem*	8	
E/1989/136	Report of the First (Economic) Committee	7 (*a*)	
E/1989/137	*Idem*	7 (*b*)	
E/1989/138	*Idem*	7 (*c*)	
E/1989/139	*Idem*	7 (*d*) and (*e*)	
E/1989/140	*Idem*	7 (*f*), (*g*) and (h)	
E/1989/141	*Idem*	7 (*i*)	
E/1989/142	*Idem*	6	
E/1989/143	Annotated provisional agenda	1	
E/1989/C.1/L.3	Europe-Africa permanent link through the Strait of Gibraltar—Morocco and Spain: draft resolution	6	
E/1989/C.1/L.4	Proclamation of a Second Industrial Development Decade in Africa—Ethiopia: draft resolution	6	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1989/C.1/L.5	African Alternative Framework for Structural Adjustment Programmes for Socio-economic Recovery and Transformation—Ethiopia: draft resolution	6	
E/1989/C.1/L.6	African Institute for Economic Development and Planning—Ethiopia: draft resolution	6	
E/1989/C.1/L.7	Interregional co-operation for facilitation of international trade—Austria, Bulgaria, Czechoslovakia, Denmark, France, German Democratic Republic, Italy, Morocco, Netherlands, Poland, Senegal, Spain, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America and Yugoslavia: draft resolution	6	
E/1989/C.1/L.8	Venue of the forty-sixth session of ESCAP: draft decision submitted by the Vice-Chairman of the Committee on the basis of informal consultations held on the recommendations in paragraph 2 of document E/1989/96	6	
E/1989/C.1/L.9	Venue of the twenty-fifth session of ECA and the 16th meeting of the Conference of Ministers of the Commission: draft decision submitted by the Chairman of the Committee on the basis of informal consultations held on the recommendations in paragraph 5 of document E/1989/96	6	
E/1989/C.1/L.10	Malaysia: draft resolution (on behalf of the Group of 77)	7 (*b*)	
E/1989/C.1/L.11	African Institute for Economic Development and Planning—programme budget implications of draft resolution E/1989/C.1/L.6: statement submitted by the Secretary-General in accordance with rule 31 of the rules of procedure of the Economic and Social Council	6	
E/1989/C.3/L.2	Schedule of meetings of the Third (Programme and Co-ordination) Committee as approved at its 1st meeting, on 5 July 1989	1	
E/1989/C.3/L.3	Assistance to the Palestinian people—Algeria, Bangladesh, Cuba, Egypt, German Democratic Republic, Indonesia, Kuwait, Jordan, Libyan Arab Jamahiriya, Morocco, Sudan, Syrian Arab Republic, Tunisia and Zambia: draft resolution	10	
E/1989/C.3/L.3/Rev.1	*Idem*: revised draft resolution	10	
E/1989/C.3/L.4	Assistance for the reconstruction and development of Lebanon—Algeria, Brazil, Egypt, France, Ghana, Greece, Iraq, Italy, Japan, Jordan, Lebanon, Libyan Arab Jamahiriya, Malaysia, Morocco, Oman, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, Union of Soviet Socialist Republics, Uruguay and Yugoslavia: draft resolution	13	
E/1989/C.3/L.5	Mauritania: draft resolution	9 (*b*)	
E/1989/C.3/L.6	Cameroon, Mauritania, Niger, Poland and Somalia: draft resolution	12 (*b*)	
E/1989/C.3/L.6/Rev.1	*Idem*: revised draft resolution	12 (*b*)	
E/1989/C.3/L.7	France, Germany, Federal Republic of, Ireland, Italy, Japan, Malaysia, Poland, Union of Soviet Socialist Republics, and United Kingdom of Great Britain and Northern Ireland: draft resolution	12 (*a*)	
E/1989/C.3/L.8	Name and venue of the Governing Council of UNDP—Malaysia: draft resolution (on behalf of the Group of 77)	8	
E/1989/C.3/L.9	Triennial comprehensive policy review of operational activities for development of the United Nations system—Malaysia: draft decision (on behalf of the Group of 77)	8 (*a*)	
E/1989/C.3/L.10	Australia, Austria, Brazil, Bulgaria, Canada, Denmark, Finland, France, German Democratic Republic, Japan, Netherlands, New Zealand, Norway, Poland, Rwanda, Spain, Sweden, Thailand, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Zambia and Zimbabwe: draft resolution	9 (*c*)	
E/1989/C.3/L.10/Rev.1	*Idem*: revised draft resolution	9 (*c*)	
E/1989/C.3/L.11	Tunisia: draft resolution	9 (*f*)	Withdrawn
E/1989/C.3/L.12	Report of CPC: draft resolution submitted by the Chairman of the Committee	9 (*a*)	
E/1989/C.3/L.12/Rev.1	*Idem*: revised draft resolution	9 (*a*)	
E/1989/C.3/L.13	Programme questions: draft resolution submitted by the Chairman of the Committee	11 (*a*)	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1989/C.3/L.14	Canada, New Zealand and United Kingdom of Great Britain and Northern Ireland: draft decision	8 (*a*)	
E/1989/C.1/L.12	Strengthening international co-operation on the environment—monitoring the provision of additional financial resources to developing countries—Malaysia: draft resolution (on behalf of the Group of 77)	7 (*f*)	
E/1989/C.1/L.13	Combat Desertification—Mauritania: draft resolution	7 (*g*)	
E/1989/C.1/L.14	Countries stricken by desertification and drought in Africa—Cameroon, Canada, Denmark, Egypt, Ethiopia, France, Germany, Federal Republic of, Guinea, Malaysia, Mauritania, Morocco, Netherlands, Niger, Norway, Rwanda, Senegal, Somalia, Sweden, Syrian Arab Republic, Tunisia, Yugoslavia and Zambia: draft resolution	7 (*g*)	
E/1989/C.1/L.15	Effective mobilization and integration of women in development—Australia, Bulgaria, Cameroon, Canada, Colombia, Denmark, Finland, Greece, Netherlands, New Zealand, Norway, Poland, Portugal, Sweden, Thailand, Tunisia, Union of Soviet Socialist Republics and United States of America: draft resolution	7 (*i*)	
E/C.2/1989/5	Item proposed for inclusion in the provisional agenda of the Council for 1989: note by the Secretary-General	7 (*e*)	
E/1989/C.3/L.1	Algeria, Bulgaria, China, Congo, Cuba, Czechoslovakia, Egypt, Ethiopia, German Democratic Republic, Ghana, Kenya, Madagascar, Mauritania, Morocco, Niger, Saudi Arabia, Senegal, Somalia, Thailand, Tunisia, Uganda, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Zambia and Zimbabwe: draft resolution	10	
E/1989/C.3/L.15	Canada, German Democratic Republic, Japan and United Kingdom of Great Britain and Northern Ireland: draft resolution	8 (*c*)	
E/1989/C.3/L.15/Rev.1	[*same sponsors*] and Ghana: revised draft resolution	8 (*c*)	
E/1989/C.3/L.16	Canada, Denmark, Finland, France, Ghana, Italy, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland and the United States of America: draft resolution	8 (*a*)	
E/1989/C.3/L.17	Commemoration of 40 years of multilateral technical co-operation: draft resolution submitted by the Chairman of the Committee	8 (*b*)	
E/1989/C.3/L.18	Draft decision submitted by the Chairman of the Committee on the basis of informal consultations held on draft resolution E/1989/C.3/L.16 and draft decision E/1989/C.3/L.9	8 (*a*)	
E/1989/INF.8	Note by the Secretariat	2 and 4	
E/1989/INF.9 and Add.1	List of delegations to the second regular session of 1989 of the Council		
E/1989/INF.12	Update of the world economy 1989—growth of world output and trade: note by the Secretary-General		
E/1989/L.20 and Corr.1	Provisional calendar of conferences and meetings for 1990 and 1991 in the economic, social and human rights fields: note by the Secretariat	11 (*a*)	
E/1989/L.20/Add.1	*Idem*—Programme budget implications of the proposals contained in document E/1989/L.20: statement submitted by the Secretary-General in accordance with rule 31 of the rules of procedure of the Economic and Social Council	11 (*b*)	
E/1989/L.21	Status of documentation for the session: note by the Secretariat	1	
E/1989/L.22	Report of the Executive Board of UNICEF	8 (*b*)	See E/1989/31
E/1989/L.23	Extract from the world survey on the role of women in development: note by the Secretary-General	7 (*i*)	
E/1989/L.24 and Corr.1-3	Extract from the report of the Governing Council of UNDP on its organizational meeting for 1989, its special session and its twenty-sixth session	8 (*b*)	See E/1989/32
E/1989/L.25	Progress made towards sustainable and environmentally sound development: report submitted by UNCTAD	7 (*f*)	See E/1989/119/Add.1-A/44/339/Add.1
E/1989/L.25/Add.1	*Idem*: report submitted by WHO	7 (*f*)	See E/1989/119/Add.2-A/44/339/Add.2
E/1989/L.25/Add.2	*Idem*: report submitted by UNESCO	7 (*f*)	See E/1989/119/Add.3-A/44/339/Add.3

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1989/L.25/Add.3	*Idem*: report submitted by FAO	7 (*f*)	See E/1989/119/Add.4-A/44/339/Add.4
E/1989/L.25/Add.4	*Idem*: report submitted by ILO	7 (*f*)	See E/1989/119/Add.5-A/44/339/Add.5
E/1989/L.25/Add.5	*Idem*: report submitted by WFP	7 (*f*)	See E/1989/119/Add.6-A/44/339/Add.6
E/1989/L.25/Add.6	*Idem*: report submitted by WMO	7 (*f*)	See E/1989/119/Add.7-A/44/339/Add.7
E/1989/L.25/Add.7	*Idem*: report submitted by UNCHS (HABITAT)	7 (*f*)	See E/1989/119/Add.8-A/44/339/Add.8
E/1989/L.26	Implementation of General Assembly resolutions 42/186 and 42/187: report by the Secretary-General	7 (*f*)	
E/1989/L.27	Implementation of General Assembly resolutions 42/189: report by the Secretary-General	7 (*g*)	
E/1989/L.28	Note by the Secretary-General	9 (*f*)	
E/1989/L.29	Net transfer of resources from developing countries and its impact on their economic growth and development—Malaysia: draft resolution (on behalf of the Group of 77)	2	Withdrawn
E/1989/L.30	Strengthening multilateral co-operation in international economic relations—Malaysia: draft resolution (on behalf of the Group of 77)	2	Withdrawn
E/1989/L.31	The role of the United Nations in the early identification, analysis and monitoring of world economic developments—Union of Soviet Socialist Republics: draft resolution	2	Withdrawn
E/1989/L.32	Note by the Secretary-General transmitting decision IDB.5/Dec.7 adopted by the Industrial Development Board at its fifth session	6	
E/1989/L.33	International economic co-operation; towards global confidence and common approaches to development—Poland: draft resolution	2	
E/1989/L.34	Interrelationship between economic and social factors—Brazil, Cuba, Jamaica, Mauritania, Mexico, Poland, Tunisia, Venezuela and Yugoslavia: draft resolution	2	
E/1989/L.35	Note by the Secretary-General	8 (*b*)	
E/1989/L.36	Question of the convening of a United Nations conference on environment and development—Austria, Canada, Denmark, Germany (Federal Republic of), Finland, Jamaica, Malaysia, Norway, New Zealand, Poland, Sweden and Switzerland: draft resolution	7 (*f*)	
E/1989/L.37	Participation of intergovernmental organizations in the work of the Economic and Social Council: draft decision proposed by the President on behalf of members of the Bureau	1	
E/1989/L.38	Israeli economic practices in the occupied Palestinian and other Arab territories—Algeria, Bahrain, Bangladesh, Bulgaria, Czechoslovakia, Democratic Yemen, Egypt, German Democratic Republic, Iran (Islamic Republic of), Jordan, Kuwait, Libyan Arab Jamahiriya, Madagascar, Morocco, Nicaragua, Oman, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, Ukrainian Soviet Socialist Republic, United Arab Emirates and Yemen: draft resolution	5	
E/1989/L.38/Rev.1	*Idem* [*same sponsors*] and Cuba: revised draft resolution	5	
E/1989/L.39	Malaysia: draft resolution (on behalf of the Group of 77)	4	Withdrawn
E/1989/L.40	France: draft resolution	4	Withdrawn
E/1989/L.41	United Nations role in early identification, analysis and monitoring of world economic developments: draft resolution submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1989/L.31	2	Withdrawn
E/1989/L.42 and Corr.1	Report of the Governing Council of UNEP on its fifteenth session	7 (*f*)	For the final text, see *Official Records of the General Assembly, Forty-fourth session, Supplement No. 25* (A/44/25)
E/1989/L.43	International economic co-operation; towards common approaches to development: draft resolution submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1989/L.33	2	

Document number	*Title or description*	*Agenda item*	*Observations and references*
E/1989/L.44	Strengthening of multilateral co-operation in international economic affairs: draft resolution submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1989/L.30	2	
E/1989/L.45	Net transfer of resources from developing countries and its impact on their economic growth and development—draft resolution submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1989/L.29	2	Withdrawn. Subsequently submitted by Norway
E/1989/L.46	Further measures for the implementation of Economic and Social Council resolution 1988/77 on the revitalization of the Economic and Social Council: draft resolution submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolutions E/1989/L.39 and E/1989/L.40	4	
E/1989/L.47	Interrelationship between economic and social factors for development: draft resolution submitted by the Vice-President of the Council on the basis of informal consultations held on draft resolution E/1989/L.34	2	
E/1989/NGO/6	Written statement submitted by the Inter-Parliamentary Union, a non-governmental organization in consultative status, category I	2	
E/1989/NGO/7	Written statement submitted by the International Union of Local Authorities, a non-governmental organization in consultative status, category I	7 (*e*)	
E/1989/NGO/8	Written statement submitted by International Alliance of Women—Equal Rights—Equal Responsibilities, International Council of Women and Soroptimist International, non-governmental organizations in consultative status, category I, and International Council of Jewish Women, International Federation of University Women, Medical Women's International Association, Pan-Pacific and South-East Asia Women's Association, Women's International League for Peace and Freedom, World Association of Girl Guides and Girl Scouts, World Federation of Methodist Women and World Union of Catholic Women's Organizations, non-governmental organizations in consultative status, category II	7 (*i*)	
E/1989/SR.17-37	Provisional summary records of the plenary meetings held by the Economic and Social Council during its second regular session of 1989		The final text of the summary records is contained in the present volume

ECONOMIC AND SOCIAL COUNCIL

SECOND REGULAR SESSION OF 1989

Summary records of the 17th to 37th plenary meetings, held at the Palais des Nations, Geneva, from 5 to 28 July 1989

17th meeting

Wednesday, 5 July 1989, at 3.30 p.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.17

Opening of the session

1. The PRESIDENT declared open the second regular session of the Economic and Social Council for 1989.

Statement by the President of the Economic and Social Council

2. The PRESIDENT said that at the close of a decade that had been characterized by significant changes and increased interdependence in the world economy and the beginning of a new decade that would pose major economic and social challenges, it was essential to adapt international economic co-operation to the changes that had taken place and were still occurring. The improved climate for multilateral co-operation within the United Nations system offered a unique opportunity for success in those efforts.

3. The main conclusion to be drawn from the *World Economic Survey 1989* (E/1989/45) was that enhanced international economic co-operation was more than ever called for. In 1988 global economic growth (4.3 per cent) and world trade growth (8.3 per cent) had surpassed the most optimistic forecasts, but had not been experienced by all countries. Indeed, economic diversities among regions and countries had been exacerbated. The growth rates of the developed market-economy countries had been relatively high, but not high enough for a significant fall in the unemployment level. The centrally planned economies of eastern Europe and the Soviet Union—many of which were in the process of restructuring and strengthening relations with the rest of the world—had experienced growth rates of almost the same magnitude. The growth rate of the developing countries as a whole had fallen somewhat behind. Although the economies of some had grown at an impressive rate, per capita income had declined in Latin America, Africa and West Asia.

4. The high rate of growth in international trade had been accompanied by a recovery in the prices of non-fuel primary commodities, resulting in a certain improvement of the terms of trade of commodity-exporting developing countries. Taken as a whole, however, the developing countries' terms of trade had deteriorated due to the significant decline in oil prices. At the same time, the growth in trade and export prices had varied widely among regions and countries. On the whole, the export volume of the developing countries had risen by more than the world average, but only marginally so in the Af-

rican countries. Against that background it was essential that the Uruguay Round should continue to strengthen and develop the open multilateral trading system and a better international division of labour. Protectionism and unilateralism must be resisted because in the long term no one could afford an autarchic system.

5. The growth rate differences meant that the trend throughout the 1980s had been an ever-widening gap between the economic development of the developed countries and that of a large number of developing countries. The 1980s had justifiably been called a "lost decade" for many of them. Despite the economic reforms carried out by a number of developing countries, many were currently facing graver problems than a decade earlier. Almost one billion human beings—one fifth of the world population—were living in absolute poverty. There was an urgent need to develop the agricultural sector in food-importing developing countries. Significant progress had been achieved in population policies, but not in all regions and countries. At the same time, the growth of the world's urban population was becoming ever more disquieting.

6. As CDP had recently pointed out, the global changes had been partly caused by macro-economic imbalances in the world economy—large imbalances among the major industrial countries in regard to trade and financial flows, and the precarious situation in many developing countries resulting from external indebtedness. Fluctuations in exchange rates and high real interest-rate levels had added to the problems. The external debt problems persisted as the most serious obstacle to development in many countries and a cause of political and social instability. The number of initiatives aimed at alleviating the debt problem testified to the importance the international community attached to it; 1988 had been the seventh consecutive year of net transfers of financial resources from developing to developed countries. During that period, many of the poorest developing countries had come to rely almost exclusively on ODA for net resource inflows, but the volume of ODA had still not reached the agreed targets.

7. Environmental problems represented a major imbalance between current and future generations so far as quality of life was concerned, and were to a certain extent a result of imbalances between industrial and developing countries. There was increasingly widespread recognition that present development patterns were not sustainable in the long run and that certain environmental problems, in particular global warming, were threatening human life.

8. Some of the problems he had mentioned were among the most important items on the agenda and it was up to the Council to make the necessary decisions. The Council's general discussion, which would focus on structural changes and imbalances in the world economy and their impact on international economic co-operation, the Council's decision to select a limited number of major policy themes and its deliberations on the various specific agenda items should allow members to reach a consensus on ways of coping with the major world economic problems. The Council would also have the opportunity to give impetus to preparations for the special session of the General Assembly on international economic co-operation and to the elaboration of the new international development strategy. It would discuss the important question of the convening of a United Nations conference on environment and development, and would also undertake its triennial comprehensive policy review of operational activities for development.

9. The manner in which the Council addressed those issues and the progress towards their solution would show whether the revitalization exercise launched in 1988 had begun to bear fruit. Because of their nature and gravity, the Council could not hope to solve the world's economic problems during the session. What it could do was promote their solution, thus taking further steps in accordance with its mandate towards fulfilling the purposes of the Charter in the economic and social fields.

Statement by the Secretary-General of the United Nations

10. The SECRETARY-GENERAL said that, looking at the past few years, one had the impression that the pace of history had accelerated. On all continents momentous events were occurring, some highly alarming, others very encouraging. Almost all were a reminder of the importance of, in the words of Article 55 of the Charter, creating the conditions of stability and well-being which were necessary for peaceful and friendly relations among nations.

11. Fundamental economic reforms had recently been undertaken in some of the largest countries, with far-reaching political implications for them and the world at large. In Latin America, the debt problem had erupted into social disorder and violence. Similar problems had arisen in North Africa, and in sub-Saharan Africa many countries were drifting into economic and political disarray. Countries which had been making headway a decade earlier in the struggle against poverty and underdevelopment had relapsed into stagnation. Major economic shocks damaged the social and political fabric of soci-eties and impaired their capacity to recover and rebuild. Against that background, it was a matter for concern that the countries of Africa, Asia and Latin America were unable to escape from poverty and underdevelopment, and that their efforts were blocked by an unfavourable international climate and the weight of new domestic problems. The progress achieved in the political field might prove to be illusory if the aspirations for betterment of the majority of the world's population could not be satisfied and if humanity could not be guaranteed the prospect of a better future on a secure planet.

12. There were positive developments, among them political détente, the slowdown in the arms race and the progress in resolving regional conflicts. If that momentum could be maintained it would not only release human and economic resources for peaceful development

but vastly improve the climate in which individual men and women could strive for better living conditions.

13. Another great change was the communications revolution, which had led to a truly global market not only for goods and finance but also for ideas, values and culture. It had transformed international relations in ways never imagined. The direct links between individuals around the world had raised to an international level issues—such as environmental problems—that had formerly been considered essentially domestic.

14. Above all, there had been a change in approaches to development. Governments had come to recognize that they could not call it forth by decree but must provide a favourable environment. Although there were still differences between countries' development policies, ideas about what made for economic development had in many respects tended to converge. It was more widely believed that political freedom and participation were essential elements of a dynamic society and conducive to economic progress.

15. In spite of the frustrations that beset so many developing countries, there was a glimmer of hope that by the year 2000 the situation would be better. The task would not be easy, because of the difficulties of bringing conflicting Governments together and the sheer magnitude of development problems.

16. The Council had chosen, as a major policy theme for its discussion, the structural changes and imbalances to be found in almost all aspects of the world economy, most significantly in the uncertainty and unpredictability that had characterized it during the 1980s, the widening gap between North and South, the growing technological divide, international financial management and the marginalization of the least developed countries. High interest rates and better investment opportunities in the developed world had made it difficult for developing countries to attract new capital to fuel their growth. The international trading system was weighted in favour of the industrialized countries, while international competitiveness was determined largely on the basis of mastery of technology. The most striking consequence of those inequities was the reverse transfer of resources from poor to rich countries.

17. Those difficult problems concerned all countries, which must share responsibility for them in proportion to their ability to address them without delay. That would require strengthened international co-operation. The United Nations could play an important role in that process, *inter alia* by means of initiatives such as the special session of the General Assembly devoted to international economic co-operation and in particular to the revitalization of economic growth and development in the developing countries, and the preparation of a new international development strategy. The proposed United Nations conference on environment and development and the Second United Nations Conference on the Least Developed Countries would contribute to a closer understanding of central development issues and prepare for a better future in an interdependent world.

18. Nowhere was multilateral co-operation more necessary than in relation to international debt. The Assembly had again asked him to hold consultations with a view to reaching an understanding on a solution. Recent decisions in IMF and the World Bank to support debt reduction marked an important step forward, but the difficulty of reducing commercial bank debt should not be underestimated. Tax and regulatory changes in creditor countries were obviously very important, as were policy reforms in debtor countries. He hoped that, at the forthcoming Paris summit, the determination of creditor country Governments to address the question would be translated into effective action. It might also be necessary to review the decisions made at the Summit Meeting held at Toronto in 1988 by the Group of 7, aimed at alleviating the debt burden of low-income countries, particularly in Africa, where the results had thus far been disappointing. While underlining the urgency of a solution to the international debt crisis, he was aware that a solution, which would probably involve the largest international financial operation in history, would not be easy to find without great efforts by all parties involved—Governments, banks and international financial institutions.

19. Another crisis facing the international community was that of environmental degradation, the implications of which were still not fully known. It was encouraging that all countries, from the most industrialized to the poorest, were quickly becoming aware that the issue might affect not only their growth potential but their survival. Examples of the progress made were, in 1989, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and the efforts to slow global warming and cope with climate change. While all countries shared responsibility in that field, it was evident that the industrialized countries had the most to contribute not only in mitigating the damage they were causing to the global environment but also in assisting developing countries to break out of poverty and achieve environmentally sound and sustainable development. He urged Governments to commit themselves to addressing the environment problem in all its dimensions and, in that regard, to participate in the proposed United Nations conference on environment and development.

20. The comprehensive policy review of operational activities for development to be launched by the Council in 1989 would make an essential contribution to the quality and vigour of the support the United Nations system gave to the developing countries.

21. With regard to the revitalization of the Economic and Social Council, he had stressed in his report (E/1989/95) on the implementation of Council resolution 1988/77 the need for greater political will on the part of the Member States with regard to substance and procedures alike. The Council must be able to rationalize its agenda, programme of work and documentation. Agreement on those issues and the adoption of a well thought out multi-year work programme should enable the Council to focus each year on major issues and fulfil its Char-

ter responsibilities in providing policy guidance to Member States and the organizations of the system.

22. He was confident that the extraordinary juncture of economic and political concerns in the world community would be reflected in the Council's proceedings.

ITEM 1 OF THE PROVISIONAL AGENDA

Adoption of the agenda and other organizational matters

23. Mr. STOBY (Secretary of the Council) updated the information in the note by the Secretariat on the status of documentation for the session (E/1989/L.21).

24. He said that the documentation as a whole would be ready during the week or at latest by the time the item was to be taken up in plenary or committee. There were some exceptions. Document E/1989/45 (*ibid.*, p. 2) would not be issued in time in Arabic and Chinese and document E/1989/97 (*ibid.*, p. 3) would not be available before 12 July. The First (Economic) Committee might consider adjusting its programme of work accordingly. Document E/1989/98 (*ibid.*, p. 4) would be issued during the session, but no exact date could yet be given. With regard to the recapitulation of decisions and recommendations appearing in the reports of governing bodies (*ibid.*, p. 7), he referred the Council to the letter dated 30 June 1989 from the President of the Governing Council of UNDP (E/1989/121). Lastly, document E/1989/114 (E/1989/L.21, p. 11) would arrive in Geneva during the second week of the session. The Third (Programme and Co-ordination) Committee might wish to adjust its programme of work accordingly.

25. The PRESIDENT said that if he heard no objections, he would take it that the Council wished to adopt the provisional agenda (E/1989/100, part I).

It was so decided (decision 1989/163, para. 1).

26. The PRESIDENT reminded the Council that it had approved the programme of work for the current session (E/1989/100, para. 145) at its first regular session.

27. He said that, if he heard no objections, he would take it that the Council wished to adopt the programme of work.

It was so decided (decision 1989/163, para. 1).

28. The PRESIDENT announced that the exchange of views on Thursday, 13 July, with the executive heads of organizations of the United Nations system would focus essentially on the impact on international economic co-operation of structural changes and imbalances in the world economy. During the exchange of views, he intended to highlight a number of issues emerging from the general discussion which he would circulate to delegations before the meeting. He would also inform them of the names of the executive heads who would be participating. The first segment of the meeting would be devoted to specific questions submitted in advance to the executive heads. He therefore asked delegations to submit any questions they wished to put forward to him in writing so that there would be sufficient time for replies to be prepared.

29. The PRESIDENT reminded the Council, in connection with agenda item 14, entitled "Report of the United Nations High Commissioner for Refugees", that Economic and Social Council resolution 1623 (LI) of 30 July 1971, provided that the report (E/1989/64) should be transmitted to the General Assembly without debate, unless the Council decided otherwise at the specific request of one or more of its members or of the High Commissioner at the time the agenda was adopted. Since no such request had been made, he took it that the Council wished to transmit the High Commissioner's report direct to the General Assembly.

It was so decided (decision 1989/164).

30. The PRESIDENT drew attention to agenda item 15, under which the Council was called upon to confirm the nomination of three members of the Board of the United Nations Research Institute for Social Development. At its first regular session the Council, by decision 1989/132, had endorsed Commission for Social Development decision 31/102, in which the number of nominated members of the Board had been increased from 7 to 10, and had decided to revert to the question of the nomination and confirmation of the three additional members of the Board at its current session. Since the Board's annual meeting was to be held at Geneva on 10 and 11 July 1989 and the Commission for Social Development would not meet before 1991, the Bureau recommended that, as an exception, nomination by the Commission should be dispensed with and that the Council should confirm the nomination of Lars Anell (Sweden), Tatyana Ivanovna Koryagina (USSR) and Akilagpa Sawyerr (Ghana).

31. Mr. SHAPOVALOV (Union of Soviet Socialist Republics) recalled that the secretariat had been asked at the first regular session whether interpretation would be provided in all languages throughout the session, including informal consultations.

32. The PRESIDENT said that after the session he had written to the Secretary-General informing him of the various delegations' concerns.

33. Mr. STOBY (Secretary of the Council) said that there had been some confusion, at the first regular session, because a new procedure had been introduced involving more structured informal consultations, which were incorporated in the sessional programme and not arranged on a day-to-day basis. Meeting services would normally be available for informal consultations. In general, they would be the same as in the past.

The meeting rose at 4.25 p.m.

18th meeting

Thursday, 6 July 1989, at 10.15 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.18

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments

1. Mr. AHMED (Under-Secretary-General for International Economic and Social Affairs) said that, after many years of slow expansion, growth in global output had risen to over 4 per cent, mainly as a result of higher than expected growth in the developed market economies and in the fast-growing developing countries of Asia. World trade had expanded by over 8 per cent—the highest rate in the decade—but many developing countries, particularly in Africa and Latin America, had continued to stagnate or grow very slowly.

2. The developed market economies had expanded output by more than 4 per cent, their highest rate since 1984, but imbalances amongst the three largest economies had persisted, and the goal of stable exchange rates had remained elusive. Fears of inflation had revived, and an almost exclusive reliance on monetary policy had constrained corrective action. Uncertainty and a fear of possible recession had continued to haunt the developed economies despite buoyant growth and booming stock markets.

3. The centrally planned European economies had experienced modest expansion, with moderate acceleration of growth in the Soviet Union. The pace of their economic reforms had increased and had been characterized by decentralization of decision-making and an increasing use of economic incentives and market instruments rather than command management. They had become more closely involved in the international economy and were gradually becoming integrated into the international and financial trading system—a trend which could be facilitated by international support.

4. The performance of the developing countries varied greatly from region to region, with South-East Asia continuing to be distinguished by remarkable expansion. Output in China and India had grown by 11 and 9 per cent, respectively, resulting in a tangible increase in per capita incomes. The rest of Asia, with a few exceptions, had grown, but at a more moderate rate.

5. The experience of most of Africa and Latin America contrasted sharply with the rest of the world economy. Per capita incomes had declined, continuing the trend that had characterized the decade. In many countries unemployment and inflation were at intolerable levels, investment was depressed, and social and political turmoil was spreading.

6. Structural imbalances, the large debt overhang, and rapid fluctuations in interest and exchange rates and in energy and commodity prices continued to cast a shadow over the stability and growth of the global economy. Unless those factors could be tackled with concerted policies it was unlikely that a more stable balanced pattern of growth and development could be achieved in the forthcoming decade. That was the central issue in the report on international economic security (E/1989/56).

7. The imbalances between the major economies had distorted financial flows with serious long-term repercussions. The developing countries had been starved of capital while the world's richest nation had been absorbing a major part of the world's surplus savings. The redirection of capital flows should be a major policy goal in coming years, but would be unattainable as long as the debt crisis persisted.

8. The debt problems that had emerged simultaneously in so many developing countries in the early 1980s had hobbled growth and disrupted social progress. Virtually none of them had been able to restore a workable balance-of-payments position, let alone creditworthiness, despite repeated adjustment efforts and debt reschedulings. Adjustment fatigue had set in, and even countries with large trade surpluses had come to seem more vulnerable than at the onset of the debt crisis. In 1988 the outward flow of financial resources had grown to over $32 billion, as compared to from $20 to $25 billion in the preceding three years, and the resulting decline in investment and social expenditures might well jeopardize the potential for future growth.

9. The search for solutions had, however, entered a new phase. The Toronto Summit decisions of June 1988 in favour of the low-income countries, and the initiatives of Japan, France and the United States of America had not, however, yet had a significant impact on the low-income countries, particularly in Africa. Early additional debt-relief measures were, therefore, needed as part of efforts to improve net resource transfers to those countries.

10. In a rapidly changing world economy, all countries were obliged to adapt, but the burden of adjustment should not fall disproportionately on the least developed countries or the most vulnerable sections of their population. The situation called for a substantial increase in

concessional flows and the stabilization of markets for the commodity exports of the least developed countries. It was essential that, in 1990, the Second United Nations Conference on the Least Developed Countries should lead to concerted, concrete measures in their favour.

11. For the heavily indebted middle-income countries debt reduction was an essential element of the debt strategy. The Brady proposal was welcome, but success would depend on the resources committed to debt reduction and strong public co-ordination to ensure adequate participation by banks and equitable spreading of the benefits among the countries undertaking structural reform. Debt reduction should, wherever possible, be financed without diverting resources from other purposes. As he had suggested in the Second Committee in 1988, SDRs and IMF gold reserves should be used to guarantee long-term bonds to reduce the debt stock. Implementation of the Brady Plan would be facilitated by the establishment of a multilateral debt-reduction facility, as proposed in the *World Economic Survey 1987*.[1] The facility could ensure greater consistency in the international treatment of debt problems and discourage unilateral or *ad hoc* measures by the debtor countries, thus making debtor-creditor relations more predictable and management of the international debt situation more orderly. The case for such a facility was presented in the *World Economic Survey 1989* (E/1989/45).

12. Increased export earnings were an essential component in any strategy to ease the debt burden and achieve higher growth rates in developing countries. In recent years, however, protectionist measures had spread. Over the past year alone, the number of "voluntary" and other export restraint measures recorded by GATT had risen from 135 to 290, indicating a growing trend towards "managed" trade and bilateralism. There had, however, been some encouraging developments, such as the Uruguay Round agreement on agriculture and on the strengthening of GATT. But much more was needed to preserve an open, non-discriminatory and multilateral trading system and counter the threats posed by new and insidious forms of protectionism, such as managed trade, unilateral forms of retaliation, discriminatory and bilateral trading arrangements and escalatory trade barriers, particularly on the exports of developing countries.

13. In the coming decade the international community would be increasingly concerned with the promotion of sustained, environmentally acceptable growth. The major source of pollution was industrial activity and consumption patterns in advanced societies, but poverty itself polluted in a variety of ways. Growth was therefore essential to the preservation of the environment. The United Nations conference on environment and development, to be held in 1992, could provide an opportunity to develop a global consensus on environmentally sound development. The relations between energy use and environmental protection were analysed in the *World Economic Survey 1989*. In view of the economic and environmental costs at stake, new initatives to promote international co-operation and dialogue in the energy field were imperative. Rational and equitable energy development should replace national rivalries, which could only lead to environmental degradation and global economic penalties.

14. Broad-based development demanded full utilization of the human potential through appropriate nutrition, health, education and employment policies. Economic growth and social progress were integral parts of the same process in which the eradication of poverty should be seen as a vital policy objective.

15. National policies in both developing and developed countries increasingly reflected an awareness of the need to give full play to the entrepreneurial spirit in the public and private sectors, which implied a supportive environment and the availability of credit and other facilities. Countries could gain greatly from an exchange of experience in that field, and the United Nations could assist in that process.

16. The integration of women in the development process was another source of growth. The *Survey* drew attention to the disparity between women's contribution to economic life and their socio-economic status. The remedy lay in education and the modernization of institutions and attitudes.

17. The 1990 special session of the General Assembly and the task of formulating a new international strategy provided valuable opportunities to meet the development challenge. The moment was opportune. A new spirit of peace and co-operation was abroad and the momentum towards disarmament opened up new possibilities of releasing resources for development. Technological changes were integrating production processes and financial markets throughout the world. Global concerns, such as international financial stability, debt, the environment, drugs, the acquired immuno-deficiency syndrome (AIDS) and international crime, were pressing issues nations could not tackle in isolation.

18. Mr. CAHILL (United States of America) emphasized that preservation of the environment was a global responsibility. His delegation believed that a major international effort should be made through IPCC to tackle the primary issue of climate change and expected the Panel's work to lead to formal negotiations on a framework convention on global climate. His Government intended to make a significant contribution to such efforts and would host a workshop under the auspices of the Response Strategies Working Group to advance understanding and promote consensus on activities relating to climate change.

19. His delegation welcomed decision 15/3 of 25 May 1989 of the UNEP Governing Council on the convening in 1992 of the major United Nations conference on environment and development. The emphasis of the decision on the importance of the environment was critical and should not be weakened or diffused.

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[1] United Nations publication, Sales No. E.87.II.C.1.

20. Another issue of serious concern was international indebtedness, and the approach to addressing individual countries' problems. Progress was being made. The international community had agreed to strengthen the international debt strategy. The Brady plan placed stronger emphasis on voluntary debt and debt-service reduction as a complement to new lending by commercial banks and emphasized the importance of sound economic policies designed to encourage new investment and flight-capital repatriation. Economic reforms continued to be of critical importance. Without them, no amount of debt or debt-service reduction could bring about economic recovery. The World Bank and IMF had put in place the resources and mechanisms for supporting debt and debt-service reduction transactions negotiated between debtor countries and commercial banks, and several countries were moving to take advantage of the strengthened strategy.

21. The many initiatives to assist low-income debt-distressed countries were directly linked to domestic economic policy reforms including appropriate macroeconomic and structural adjustment programmes. Over half the countries in sub-Saharan Africa had adopted adjustment programmes, and significant external assistance had been marshalled in support of the reform efforts of low-income countries, most of which were in that region. The new United States assistance strategy was consistent with that approach, and the greater part of the $820 million United States economic assistance programme for sub-Saharan Africa would go to countries that demonstrated a strong commitment to economic reform. In 1988, United States ODA had risen to $9.8 billion as compared with $8.9 billion in 1987. His country remained the largest ODA donor. The continued emphasis on structural adjustment had not caused his Government to lose sight of the continuing need to reach out directly to individuals in developing countries, and it continued to be very active in such fields as child survival, agricultural development and disaster relief. Its commitment to technical co-operation—people helping people—was evidenced in the 24 per cent increase in 1988 of ODA grant disbursements for technical co-operation. The development of human resources throughout the world should be a priority goal.

22. Recent actions by his Government to identify several key unfair trading practices of certain of its trading partners had been widely misinterpreted as "unilateralism". In fact, his Government would be seeking market-opening solutions with those trading partners, which should strengthen the multilateral trading system. It valued trade liberalization, which was the main reason for the widespread economic progress of the past 40 years. The United States was firmly committed to free and fair trade and would work for those objectives throughout the Uruguay Round.

23. The revitalization and reform of the Economic and Social Council continued to be important. Revitalization and reform were closely allied and called for increased efficiency and meaningful output. The momentum towards renewal and more effective operations and response must not be lost, or all would be the losers.

24. His delegation was deeply committed to improving the effectiveness of the United Nations development system and favoured major changes in the division of labour and the collaborative relationship between UNDP and the sectoral agencies with a view to strengthening the tripartite partnership envisaged in the 1970 Consensus. A major objective of that partnership should be to strengthen the capacity of governments to manage their own development programmes and projects. That would require greater decentralization of programme and project management to the field level, and closer integration of United Nations system field activities under the leadership of the Resident Co-ordinator.

25. Human rights and economic progress were interwoven. His delegation agreed with the Secretary-General that political freedoms and participation were essential elements of a dynamic society and conducive to economic progress. In that context, President Bush's condemnation of recent events in China clearly demonstrated the depth of United States concern about the repression of peaceful demonstrations. His Government hoped China, which had a major contribution to make to world stability, would soon return to the path of economic and political reform that had brought it such great dividends over the past decade.

26. His Government was deeply concerned with improving the status of women, who comprised over half of the world population and performed two thirds of the world's work. Real progress required that they should be recognized as equal partners in the economy, including decision-making.

27. The refugee situation continued, unfortunately, to be one of unmet needs and emergencies. There had been important advances in recent months: Namibian refugee repatriation had begun as scheduled, marking significant progress towards the fulfilment of Security Council resolution 435 (1978); the International Conference on Central American Refugees (Guatemala City, 29-31 May 1989) had established a promising framework for achieving the objectives of the plan of action; and the International Conference on Indo-Chinese Refugees (Geneva, 13 and 14 June 1989) had given the international committee an opportunity to reassess its responsibilities for meeting the challenges of the continuing outflow of those refugees. All such developments, hopeful as they were, entailed needs for resources that were not being met. UNHCR and other institutions were facing financial shortfalls that limited their ability to meet world needs and should receive greater support from governments, humanitarian organizations and the general public.

28. He wished to convey a firm message to the Council. His country genuinely cared; it was listening and wished to make its contribution to meeting the various challenges he had mentioned.

29. Mr. LEVITTE (France), speaking on behalf of the EEC and its member States, said there was reason to hope that world economic growth would continue. Des-

pite imbalances and weaknesses, growth had been maintained, belying forecasts to the contrary. He hoped the Council, whose organization, reform and revitalization had been so extensively discussed, would demonstrate its ability to meet the challenges of the world economy.

30. The structural changes referred to in the focal theme for the general discussion were not those responsible for transitory imbalances. Fluctuations in prices and interest and exchange rates pointed to the existence of such imbalances and tended to correct them. One of the objectives of international economic co-operation was to facilitate such corrections and prevent imbalances persisting and becoming structural.

31. The first of the major structural imbalances was an imbalance between population growth and a State's resources. Sometimes population increased more rapidly than national production. There were many examples of that situation. In some countries which had made a good start on the road to development, the impetus to development seemed to have been lost. In others the economy could not keep pace with unprecedented population growth. Sometimes a nation ceased to grow, aged and did not renew itself completely because of the shortage of young people. Of all the structural imbalances, those were the most difficult to correct.

32. Secondly, there was an imbalance between the demands made on nature and what it was capable of providing—such resources as air, water and climate in the process of new settlements, development and industrialization. A world-wide alarm had gone out in the face of those dangers. Environment issues had come to stay and were for the greater part insoluble without international co-operation.

33. Thirdly, there were imbalances between resources and capital needs. They were reflected in interest-rate movements, which were difficult to predict and control and did not suffice to resolve national imbalances. Recently they had increased the debt-service burden of some borrowers to an unbearable level. International credit was absolutely essential to expansion and development, but any loan should help to create conditions which would render its renewal unnecessary. Otherwise imbalance became built-in.

34. Other imbalances were those between a nation's productive capacity and demand and disparities in the movement of import costs and export earnings. The latter contributed to the economic and social decline suffered by a number of countries, especially in Africa, dependent on a few commodities for which the markets were no longer expanding or had even contracted. There were also world imbalances between the enrichment of countries experiencing progress and the impoverishment of those suffering stagnation, as well as, in many countries, between the growing wealth of the rich and the impoverishment of the rest.

35. None of those imbalances could be lastingly corrected without appropriate international co-operation, coupled with the continuous adjustment all countries had to undertake to make the best use of their physical and human resources. Adjustment was not the enemy of development but a necessary means to it.

36. International co-operation, particularly in trade, financial and monetary matters, was of course also necessary. That was implicit in the preparations for the special session of the General Assembly in 1990 devoted to international economic co-operation, and in particular to the revitalization of economic growth and development in the developing countries, and the formulation of the international development strategy for the fourth United Nations development decade, as well as in the preparations for the Second United Nations Conference on the Least Developed Countries and the forthcoming United Nations conference on environment and development. The EEC attached great importance to the United Nations as an instrument of co-operation for development and would actively participate in the triennial review of operational activities.

37. World trade had never been greater despite the lure of protectionism and retreats to bilateralism. But much remained to be done, primarily in the GATT negotiations, to build on the progress made. The European Community wanted to help the commodity-exporting developing countries to re-establish themselves in the world trade system. The Common Fund would be an instrument of such co-operation. The Community delegations hoped that the group of experts on African commodity trade would produce fresh ideas to enhance earnings and diversify production. The Community export earning support schemes for developing countries might be taken up by other trading partners.

38. The EEC delegations hoped that United States efforts to correct its internal and external imbalances would be successful. The United States undoubtedly had the political will, technical competence and flexibility needed to tread the narrow path between rapid readjustment, threatening world recession and perpetuation of indebtedness which was bound one day to reach a limit. The EEC welcomed Japan's remarkable economic progress towards a more open market and greater imports.

39. As for the EEC, the main purpose of the single internal market to be established in 1992 was to consolidate and expand the results already achieved in growth, internal and external balances and expanded trade with the rest of the world, and to provide world trade with an even more active, prosperous and stable partner as well as an even more open and attractive market of 320 million inhabitants. The current negotiations in the framework of the Fourth ACP-CEE Convention of Lomé were intended to enable the developing-country partners of the EEC to take advantage of that market.

40. Economic and social development could not be lastingly pursued without genuine popular support and respect for human rights. In that connection, the brutal repression in China had cast a shadow over China's encouraging progress in recent years and might undermine China's growing role in the world economy.

41. Co-operation in development finance, bilateral and multilateral, although on a scale unimaginable 50 years

earlier when international assistance had come into being, still did not contribute as it should towards removing structural imbalances in the world economy. The EEC and its member States would continue their ODA efforts, with the 0.7 per cent GNP target in mind. ODA was of benefit to all parties, provided it led to a constant provision of funds for new jobs. The EEC hoped that borrowers who were or who would be free from unmanageable indebtedness would once again be able to borrow on the international market. Recent experience had shown that lending, and any associated technical assistance, could leave borrowers more solvent. Prudence was needed on both sides, and loans should be used to generate profitable productive capital. Operations in which the returns were indirect or long-term should be financed through the machinery established under bilateral and multilateral financial co-operation schemes.

42. The EEC countries would continue to assist borrowers engaged in economic reform programmes, some of which required great political courage, as well as borrowers handicapped by deteriorating terms of trade or rising interest rates. In that connection, he referred to the initiatives in support of the poorest countries, particularly in sub-Saharan Africa, and the proposals and negotiations concerning debt rescheduling, particularly in Latin America. The EEC countries were providing the necessary resources and the Paris and London Clubs would continue to organize rescheduling. As a result of efforts in the three areas of ODA, new loans and existing debt, the sought-for return to positive capital flows to developing countries undertaking the necessary adjustment was within reach.

43. In the monetary field, the tools for international co-operation existed, under the aegis of IMF, and great efforts were being made for them to play their part in regulating and correcting structural imbalances. Interest rates, in particular, did not always respond to the needs of the economy and national monetary policies and instruments had a major part to play. Inflation was on the rise again in some large middle-income countries and was depriving them of some of the advantages that might accrue from the free play of international financial markets. Development would be helped by a monetary policy directed towards the overriding goal of price stability in a growing economy.

44. The EEC and its member States were already a stabilizing influence in the world, a steadily expanding market, a welcoming trade partner and major source of development assistance.

45. Mr. QIAN Jiadong (China) said that the world economy of the 1980s had maintained slow growth amid turbulence and uncertainty and the developed countries had experienced the longest economic expansion since the end of the Second World War. Although a few Asian countries and regions had witnessed sustained high growth, most developing countries had developed only slowly. Many had experienced economic stagnation and even decline and for them the 1980s had been a lost decade for development. The causes had been long-term structural imbalance as well as short-term factors.

46. A prominent feature of that imbalance had been the huge budget and trading deficits of a major developed country and the serious external imbalances between the developed countries, which had adversely affected developed and developing countries alike and made international financial markets volatile. Spiralling interest rates had increased the debt burden of the developing countries and frequent fluctuations in major Western currency exchange rates had destabilized international trade. Protectionism had gained ground, particularly in stepped-up restrictions against competitive developing-country exports. Developing countries had experienced declining exports and reduced earnings as well as an increasingly acute shortage of development funds because of the capital outflow due to debt servicing.

47. The North-South gap, another feature of the world economy's structural imbalance in the 1980s, had widened. Per capita income in the developed countries had grown by 2.5 per cent a year from 1981 to 1989 while in the developing countries it had fallen by 1 per cent and in the least developed countries was 50 times less than in the developed countries. The number of people below the poverty line in developing countries had risen to 950 million from 820 million at the beginning of the decade.

48. Other changes had occurred, such as the emergence of new poles of economic power, acceleration of the process of global economic integration, the growing trend towards regional integration and the extraordinary advances in science and technology, all of which had new and complex implications, particularly for the developing countries. The world community's common task during the 1990s would be to correct the imbalance and adapt better to the new developments through practical measures to narrow the North-South gap and revitalize the developing countries' growth.

49. The developing countries would undoubtedly adopt new strategies to meet the challenges of the 1990s. They had been making the necessary readjustment efforts in the light of national conditions, and were striving to strengthen international co-operation, both North-South and South-South. The special ministerial meeting of the Group of 77, held at Caracas from 21 to 23 June 1989, had achieved positive results and would have far-reaching significance in that regard.

50. In the 1990s, the developing countries would need a renewed commitment by the international community to back their efforts. Developed countries should increase ODA to meet internationally agreed targets. Countries with large current-account surpluses should actively facilitate the recycling of financial resources to developing countries. Commercial bank lending and direct investment should be encouraged and steps should be taken to prevent the outflow of developing-country financial resources and alleviate their debt burden, through concerted efforts by creditor and debtor countries, international financial institutions and commercial banks.

Debt relief measures for the poorest countries, in particular, should be fully implemented.

51. The major developed countries should also do more to improve trade conditions for the developing countries, including differential and favourable treatment, opening of markets and removal of discriminatory protectionist measures. They should expand their schemes of generalized preferences in favour of the developing countries and take steps to stabilize primary commodity prices. The Uruguay Round should serve to strengthen the multilateral trading system by responding to the developing nations' concerns, including the questions of textiles and agricultural products.

52. The strengthening of international economic co-operation would be an important means of developing the world economy and revitalizing the developing countries' economic growth in the 1990s. China was in favour of a new round of North-South dialogue on a series of interrelated economic issues, and of a flexible, practical approach aimed at solving the developing countries' specific problems.

53. All countries, developed or developing, should strive to adapt to the constantly changing situation, and the major developed countries in particular should demonstrate their political readiness for dialogue and co-operation. Developed countries should base their economic decisions on the need for stability and predictability. Rather than transferring their own risks to the developing countries, they should seriously consider the latter's interests. The relevant international financial institutions should monitor the developed countries' industrial and trading policies through regular consultations and studies.

54. The United Nations should play an active role in strengthening international economic co-operation, particularly in revitalizing the developing countries' growth. It should help to improve international discussion and co-ordination of economic issues and promote North-South co-operation. The relaxation of international political relations gave the United Nations an opportunity to address world economic problems. China hoped the plans for the special session of the General Assembly in 1990 and the formulation of a new international development strategy would have fruitful results.

55. The remarks of previous speakers concerning recent events in China went beyond the terms of the Council's agenda and represented an unwarranted interference in China's internal affairs. His delegation had noted those remarks with regret, and reserved the right to reply further if necessary.

56. Mr. BRÄUTIGAM (Federal Republic of Germany) said that his delegation associated itself fully with the statement made by the representative of France on behalf of the EEC and its member States.

57. The 1980s had seen enormous structural change. Demand and supply patterns had altered. Rapid technological change and increased competition had reduced the time available for adjustment by individual countries. The world's economies had become more closely linked and international trade had increased more than production, thereby increasing economic and political interdependence. There was greater interest in regional co-operation, encouraged by a lessening of East-West tension and positive steps towards solving regional conflicts.

58. The changes were a positive challenge as well as a constraint on economic policy. Different reactions to structural change had further increased the diversity of economic performances in individual countries, and it would be more costly, in future, to ignore the implications of structural change.

59. Despite the problems for many countries, the 1980s had not been a "lost decade". The *World Economic Survey 1989* highlighted an overall improvement in world economic performance as well as growing diversity among regions and countries. World output had risen by 4.3 per cent in 1988, as compared to 1987. Growth had been relatively sustained in the industrial countries although persistent unemployment, the risk of recurring inflation and the fiscal and current-account imbalance did not justify complacency. Elsewhere, growth had been vigorous in eastern and southern Asia, especially in the newly industrialized economies, whereas per capita income had fallen or stagnated in most countries of sub-Saharan Africa and Latin America. Some of the centrally planned economies, especially the Soviet Union, Hungary and Poland, had engaged in far-reaching economic reform programmes.

60. Figures suggested that the world economy might become increasingly uneven. Appropriate national and international policies should therefore be encouraged to enable the poorest countries to bridge the gap. The developed countries, such as his own, had a special responsibility in that respect.

61. Increased growth in many countries had coincided with a strong expansion of world trade, which in 1988 had climbed to 9 per cent in real terms, matching the 1984 record. The developing countries' export volume had increased by 10 per cent in 1987 and 11 per cent in 1988. Export earnings had been 22 per cent higher in 1987 than in 1986, and had increased by a further 12 per cent in 1988. That welcome performance, compounded by a significant commodity price rise, was expected to continue in 1989.

62. Trade was the most important factor in the developing countries' growth, and their broadest possible participation should be encouraged. Protectionist tendencies should be resisted. The Uruguay Round, including agricultural questions, must be steered to a successful conclusion and developing countries should be enabled to earn more foreign exchange through export. Increased trade would also help them to overcome their indebtedness. His country had traditionally been very open to trade with the developing countries and imports in 1988 had totalled $31 billion, 11 per cent higher than in 1987. It had a deficit trade balance with the developing countries and its overall imports, including those from devel-

oping countries, had been 20 per cent higher, for the first four months of 1989, than for the corresponding period in 1988. His country's efforts to tackle external trade imbalances would create further trade opportunities for the outside world. In addition, a single European market of 320 million consumers would offer enormous trade opportunities which the developing world should seize.

63. The steady, balanced economic growth, with little inflation, in the developed countries, and the remarkable progress of some developing countries, underlined the importance of constant and flexible structural adjustments to changing circumstances. The success or failure of any national economic policy, regardless of development stage, depended on the ability to react to changing world markets. All had to accept changing patterns in the division of labour. Since such processes were not free from problems, especially for the poorest segments of society, structural adjustment must be accompanied by social measures.

64. Policy makers were increasingly aware of the need for constant structural adjustment. Many developing countries had subscribed to programmes developed jointly with IMF and the World Bank. Some centrally planned economies in central and eastern Europe, especially the Soviet Union, Hungary and Poland, had embarked on major reform programmes emphasizing market discipline, coupled in some cases with political change. His country encouraged such efforts, believing from experience that an efficient market-oriented economy was closely linked with a democratic society and respect for human rights. It tried in its trade with the centrally planned economies to open up new avenues for economic co-operation by various means, including investment protection agreements, thereby promoting the integration of those countries into the world economy. His delegation was obliged to reiterate, however, its deep consternation at the brutal repression of citizens in China seeking to exercise their legitimate and democratic rights. The repression ran counter to the basic goals of the Chinese reform process which had received world-wide recognition and support.

65. Some countries had not been able to improve their economic situation. Nevertheless, 1988 had seen a large increase in exports from the heavily indebted countries of Latin America, resulting in a further increase in their trade surplus. UNDP and World Bank studies suggested that structural adjustment programmes in Africa were beginning to bear fruit, although the situation in most countries was still fragile. Structural bottlenecks, institutional weaknesses, poverty and debt problems were the components of an explosive mix. The alarming population growth in many developing countries was a serious threat to food security, the preservation of the environment and the ability to satisfy basic needs. Countries which made the necessary structural adjustment efforts had a right to count on the solidarity of the international community. An adequate flow of resources to them must therefore be ensured.

66. The quality of development assistance was no less important than the quantity. In April 1990, a special session of the General Assembly would discuss ways of revitalizing growth and development. The opportunity should be seized to move further away from the ideological confrontations of the past towards new patterns of dialogue and co-operation that reflected the realities of the changing world.

67. Related preparatory work was under way on the formulation of the international development strategy for the fourth United Nations development decade, which his Government hoped would be more realistic, pragmatic, flexible and meaningful than its predecessor, the methodology of which was questionable. Goals and objectives must be consistent with likely scenarios and projections. Policy targets should be such as to mobilize political commitment. Unrealistic quantitative goals led nowhere. The strategy should offer a new and innovative approach.

68. Structural change needed to be discussed from yet another angle, the protection of the environment from further degradation. A sound environment was a major prerequisite for development. Many industrialized countries now faced the costly consequences of former policies which had not paid adequate attention to the environment. Countries which could still avoid similar shortcomings and wanted to save money in the long run through timely prevention should seize the opportunity to do so. His Government was prepared to support international co-operation in that field.

69. The global environmental situation had deteriorated to a point where life-sustaining systems were seriously threatened. Dangers emanating from global warming, ozone depletion, air and water pollution and hazardous wastes were signs that needed to be recognized and acted upon accordingly. They challenged the world's ability and determination to co-operate. New patterns of thinking, a new dialogue and new common approaches were required, as well as a world-wide environmental partnership in which each partner made contributions to the best of his abilities. Those with greater responsibilities and capabilities would naturally carry a heavier burden. The question of financial support would play a major role in future negotiations in that field.

70. Protection of the environment was a cross-sectoral task that required an attack on poverty as much as environmentally sound patterns of production and a responsible way of life. World forests had to be preserved by sustainable forest management practices. Environmentally sound production cycles had to be developed, and individual decisions to produce a new product must be based on a sound analysis of all environmental implications.

71. The tasks ahead were difficult and complex, but not impossible. The 1985 Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer, of 1987, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, of

1989, and their follow-ups in The Hague, London and Helsinki had created an unexpected momentum that should not be lost. New global regulatory mechanisms such as an umbrella convention on climatic change and corresponding protocols on implementation should be developed. UNEP would have a major role to play in the negotiations on those instruments and needed to be strengthened institutionally and financially. His Government had decided to double its voluntary contribution to the UNEP Fund in 1990.

72. In the 1960s and 1970s many developing countries had been able to borrow from abroad in order to accelerate growth. Debt service was now an obstacle to growth and development in a number of countries, especially in Latin America. Remedial action was, however, being taken and IMF and the World Bank, as well as the Paris Club, had fulfilled an important task in that connection. Recent decisions taken by IMF and the World Bank on the basis of the Brady proposals had added new elements to the strategy. His Government actively supported their efforts.

73. His Government supported developing countries in their efforts to stimulate growth and achieve a debt reduction and had cancelled debts of over $4 billion originating from public aid to very poor highly indebted countries. Meanwhile, many commercial banks had assumed a more flexible stance towards certain debt alleviations, facilitated by adjustment of the tax laws and banking regulations. In the Federal Republic, commercial banks enjoyed considerable legal and regulatory leeway in valuing their foreign assets.

74. His Government envisaged a further strengthening of the catalytic role of the Bretton Woods institutions, which were the competent bodies to help to alleviate the indebtedness of the third world countries. Nevertheless, the endeavours made to cope with the debt crisis must centre on the debtor countries' own efforts. Only if those countries succeeded in increasing the volume of their savings and investment and in improving the productivity of their investments would they be able to improve their debt service capability and to outgrow their indebtedness. Misdirected development in debtor countries should be corrected.

75. Mr. RAZALI (Observer for Malaysia), speaking on behalf of the Group of 77, noted that the 4.3 per cent growth of the world economy in 1988 had been experienced by developed countries and by only a very small number of developing countries. It had failed to spread to many developing countries, particularly those in Africa and Latin America, whose economies continued to stagnate or to grow at a very slow pace, with concomitant malnutrition, dire poverty, unemployment, illiteracy, migration and even social turmoil. The uneven economic growth was due to structural imbalances in the world economy, either among the countries of the North or between North and South.

76. The structural imbalances among the developed countries, as reflected in the persistent budget and trade deficits of a major developed country and surpluses in the case of some others, had had a very serious impact on the economies of the developing countries. According to the *World Economic Survey 1989*, world trade in 1988 had expanded at its fastest rate since 1984 and progress had been made in reducing the external imbalances among major industrialized countries. That had had a spill-over effect on the developing countries, as reflected in the reduction of their debt-to-exports ratio.

77. With economic growth, there was concern about inflationary pressures in some major industrialized countries, which had led to a substantial tightening of monetary conditions during the past year. The pace of adjustment of the external imbalances had slowed significantly during the second half of 1988 and was expected to come to a halt in 1989. Many developing countries had not benefited from the temporary improvement. In fact they had experienced a rise in their debt-service burden, a slow-down in growth and a sharp increase in inflation. The recent rise in short-term interest rates in the developed countries had also affected the stability of exchange rates among the major trading countries, thus complicating debt management and hindering growth in the developing countries. On the basis of current policies and exchange rates, the external imbalances of certain industrial countries were likely to remain large in the 1990s.

78. The present international trading system was structured to benefit the developed countries, and that had contributed to the structural imbalances between the developed and developing countries. Despite the recent growth in world trade, the world trading system had become more restrictive as a result of measures such as voluntary restraint agreements for steel, the tighter multifibre arrangement, bilateral agreements for textiles, and lower quotas on sugar and other agricultural products, which had greatly affected the exports of the developing countries. The developed countries were still practising trade distortion in agriculture through export and production subsidies, instead of curtailing support measures and providing market access for developing countries. Some developed countries had taken unilateral measures contrary to the GATT rules, such as demands that intellectual property rights be observed by developing countries in return for market access for their products.

79. The developed countries had made great technological strides. Although a positive development in itself, that had further widened the North-South gap. Instead of bringing benefits technological progress had aggravated the deteriorating terms of trade of most developing countries, through the development of substitutes for their export products or depressed prices resulting from overproduction due to the application of new technology. In that respect, the Group of 77 welcomed the entry into force of the Common Fund and stressed the need to enhance international co-operation for its effective functioning. Progress in pursuit of the objectives of the integrated programme for commodities remained in the forefront of the Group's concerns.

80. In reviewing recent developments, the Group of 77 had taken stock of the United States-Canada free trade agreement, the impending structural transformation of the EEC into a single market in 1992, the integration of the socialist countries into the world economy and the potential commercial, financial and technological interchange between the socialist countries and other industrialized countries. The *rapprochement* of the two super-Powers had both positive and negative implications for developing countries.

81. The special ministerial meeting of the Group of 77 from 21 to 23 June at Caracas had provided a forum for appraisal of the implications of those developments for developing countries. The Caracas Declaration[2] expressed the Group's resolve not to become a casualty to them, as well as its demands for a secure international environment to ensure growth and development in the South. The meeting had found that the developing countries were pursuing wide-ranging policy reforms and were ready to integrate with the world much more freely, in the belief that a more open and co-operative world economy was vital for the success of their efforts. The Group of 77 was ready to engage in a constructive dialogue with its partners to enhance international economic co-operation and would expect the North to respond in a comprehensive and positive manner. It would like to know the response of the North and its groupings to such an exhortation for genuine interdependence. At the same time, the Group of 77 was committed to the promotion of South-South co-operation.

82. There was urgent need to deal with the interrelated issues of money, finance, debt, trade and development. The current improvement in the political climate provided an opportunity for a similar improvement in international economic relations within the multilateral framework. As a first step, the net transfer of resources from developing countries must be reversed in order to reactivate their economies, and the flow of resources to them should be resumed. As part of the effort to increase that flow, industrialized countries should offer incentives for increasing foreign investment in developing countries.

83. The debt crisis needed to be resolved on the basis of shared responsibilities between debtor and creditor governments and the commercial banks. The Group of 77 had repeatedly called for a substantial reduction of the external debt of developing countries, as well as for a significant flow of new financial resources commensurate with their economic needs. For many low-income countries, the resumption of development required a substantial cancellation of their debt burden.

84. The international trading system should be strengthened and improved, especially with a view to making it more responsive to the trade and development needs of developing countries. In that respect, the Group of 77 attached great importance to the Uruguay Round. The Group hoped that the subjects and issues of particular interest to developing countries would be given full attention so as to ensure a balanced outcome resulting in enhanced export prospects for developing countries consistent with their needs and aspirations.

85. At the forty-third session of the General Assembly the Group of 77 had sponsored two resolutions on the convening of a special session on international economic co-operation and the preparation of a new international development strategy. The Caracas meeting had further reinforced that objective, calling for international action to enhance the growth and development of developing countries on the basis of shared responsibilities. However, the Group had to voice concern regarding some current decision-making processes. It was not helpful that a small number of industrialized countries should decide among themselves on international economic issues that had a major impact on the entire world community. If the realities of the interdependence of the industrialized North and the developing South on the basis of shared responsibilities was to be accepted, participation in the decision-making process needed to be widened so that developing countries could have a say in their own destinies.

86. The issue of structural imbalances in the world economy and their impact on the developing countries could be dealt with only through a coherent and comprehensive policy based on international multilateral co-operation. Effective policy co-ordination among all parties concerned, including the various multilateral agencies involved in international economic co-operation, was required. The Group of 77 emphasized the vital role of the United Nations system in working out multilateral solutions for the economic and social problems of developing countries.

87. The Caracas meeting had reaffirmed the Group's commitment to the strengthening of international co-operation for protection of the environment, which required a global multilateral effort within the forums of the United Nations. The Caracas Declaration stated that the concept of sustainable development must necessarily include meeting the basic needs of the peoples of developing countries, maintaining adequate levels of growth for the attainment of their social and economic objectives, and improving the quality of life in a healthy, safe and clean environment. The Declaration also stressed that the concept of sustainable development should not be used as a pretext for additional conditionality in the policies of multilateral development and financial institutions. It emphasized that poverty and environmental degradation were closely interrelated and that environmental protection must therefore be viewed as an integral part of the development process. The Group of 77 would comment on the recent meeting of the UNEP Governing Council at a later stage.

88. Mr. DRAPER (Administrator, United Nations Development Programme) said that the UNDP Governing Council had just conducted a high-level debate on the future role of the Programme, after consultations with its partners in the United Nations system and with develop-

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[2] A/44/361, annex.

ment practitioners from all regions of the world. Development in the 1990s would present an intense and complex challenge and it had been agreed that the 1980s would be remembered as a decade of debt crisis, economic retreat and lost opportunities for many developing countries, whose development strategies had been thwarted by high interest rates, unstable exchange rates, long-term changes in the demand for their exports, low commodity prices, and trade restrictions. Capital formation rates remained low, and the inflow of external resources had not kept pace with developmental needs. UNDP welcomed recent proposals for easing the debt burdens of developing countries by such means as granting temporary waivers on interest and principal and debt-for-nature swaps. In the 1990s several developing countries would have to adjust their focus from emergency situations and short-term adjustment problems to renewed efforts to achieve longer-term growth and sustainable development. UNDP must adapt its policies and procedures, and the substance of its assistance, to the changing circumstances. The 1990s would see an increasing diversity among the developing countries, with different rates of economic growth, different degrees of success in meeting social needs, and a different pace of progress in strengthening national capacities. UNDP devoted 80 per cent of its resources to the low-income countries and 40 per cent to the least developed countries, which it was assisting in their preparatory work for the Second United Nations Conference on the Least Developed Countries to be held in Paris in 1990.

89. The Governing Council had taken the view that it was essential for the international community to address three interrelated concerns: accelerated growth with human development, sustainability and greater self-reliance. It had also stressed the need to reconsider the development strategies and recast them to put more emphasis on human development. It had agreed that UNDP should help to enhance the capacities of developing countries to manage their economies, focusing on investment in their human capital. It was a sad fact that developing-country expenditure on training and education had declined. Even more serious was the fact that limited education budgets were often misdirected and inefficiently spent, resulting in high drop-out rates, a low level of technical skills, a rising number of educated unemployed, and a considerable brain drain. UNDP had been glad to join with UNESCO, UNICEF and the World Bank in launching a world-wide initiative to improve access to basic education in developing countries, to be spearheaded by a World Conference on Education for All to be held in March 1990.

90. The statistics on health facilities, nutrition, sanitation, human settlements and other services were as grim as they were for education. UNDP had therefore decided to issue, as from 1990, a Human Development Report. Much was heard about the state of the world's economy, but it was also necessary to know how human society was progressing in other fields and which development strategies were succeeding in advancing the human cause. To be effective, the report must draw upon the expertise of relevant arms of the United Nations system, integrating information from various agencies. UNDP had received broad and warm support for the initiative. It hoped that its work in that field, which was closely linked to that of CDP, would provide useful inputs for United Nations deliberations on the international development strategy for the fourth United Nations development decade. UNDP also saw the Human Development Report as a common platform which could be used by the United Nations system to distil relevant policy messages and share experiences among developing countries. UNDP believed that it would initiate a whole process of activities, including working with countries to include human balance sheets in their national development plans and to invest further in developing social and human indicators.

91. The Governing Council had confirmed the importance of UNDP's activities in global issues such as structural adjustment and the environment. Because of its concern for the high social costs of structural adjustment programmes, UNDP was financing a number of projects to gauge the social impact of structural adjustment in developing countries. One $10 million project being jointly implemented with the World Bank and AfDB was intended to assess the impact of structural adjustment on various population groups. The findings should be of help in designing programmes aimed at mitigating the impact of adjustment on vulnerable groups. UNDP was also about to begin a project to help African Governments to participate actively in the design of their own structural adjustment programmes and to help them to internalize the management of such programmes and cushion the shock of policy reforms, particularly on underprivileged groups.

92. A top priority for UNDP must be the support of sustainable development through environmental management. Governments of developed and developing countries alike had acknowledged that by avoiding environmental mistakes now, future disasters could be averted. UNDP had made a strong commitment to use its network of 112 field offices around the world to work with governments and people at the grass roots level and approximately 100 workshops would be held by the end of 1989 to encourage a continuing debate on the environment. UNDP was trying to help governments to reconcile what often appeared to be the conflicting interests of environmental conservation on the one hand and economic and social development on the other.

93. At its current session the Council would have before it a report by the Director-General for Development and Economic Co-operation on the operational activities of the United Nations system (E/1989/106 and Add.1). Some of the subjects dealt with relating to the co-ordinating and central funding roles of UNDP had been endorsed by the Governing Council. UNDP took the view that co-ordination rested primarily with the recipient country itself and that UNDP's main concern should be to strengthen the Government's capacity to manage its external assistance flows and programmes. UNDP also strongly believed in the advantages of working to-

gether to strengthen relationships between the United Nations, other multilateral and bilateral aid organizations, and non-governmental organizations, especially at the country level. The recent meeting of the Joint Consultative Group on Policy, at which closer co-operation on the issue of the environment had been discussed, was one example of such work. The many areas in which coordination could strengthen the impact and efficiency of United Nations operations in the field included joint field missions, common rosters of experts, the sharing of premises, and unified field offices. In that regard it was imperative that the conditions of service in the field offices, for both national and international staff members, should be improved.

94. UNDP had studied with interest the Director-General's findings on the report of two independent consultants on the implementation of the central funding concept (*ibid.*, paras. 208-211), noting that developing countries had indicated their preference for central funding over other arrangements. It was evident that the needs of the developing countries, particularly the need to enhance their capacities to manage their own economies, required that more resources be devoted to technical co-operation. UNDP had worked closely with the Director-General's office and its partner agencies in the preparation of the report. It was also contributing to the Secretary-General's report to the 1990 special session of the General Assembly on international economic co-operation and the preparations for the international development strategy for the fourth development decade. Sometimes the profusion of reports seemed overwhelming; it was essential that the discussions which they generated should lead to prompt action to counter the unprecedented dangers threatening mankind.

95. Mr. TANIGUCHI (Japan) said that in general the world economy had continued to enjoy a period of expansion, although in some countries inflationary pressures had remained, there were still large external imbalances and protectionist pressures were rising. As noted in the *World Economic Survey 1989*, it was encouraging that favourable economic conditions had prevailed not only in the industrialized countries, but also in some parts of the developing world such as the newly industrialized countries in Asia. On the other hand, least developed countries in sub-Saharan Africa and some Latin American countries facing serious indebtedness had experienced continuing difficulties. Since there was a greater diversity of economic conditions among developing countries, differentiated approaches to development in those countries, based on their respective situations, were called for.

96. Japan was fully aware of its responsibility as a country with a major role in the management of the world economy. It was making every effort to achieve and maintain non-inflationary sustained growth within the framework of an open multilateral trading system, as well as to create a favourable economic environment, which was not only important for the industrialized world but crucial to the development of the developing countries. It was continuing its efforts to expand economic activity led by domestic demand, to rectify external imbalances and to harmonize its economic relations. The Government would continue to promote the international co-operation initiative proposed by the former Japanese Prime Minister. As part of that initiative, the funds allocated for ODA in fiscal 1989 would total approximately $10 billion. That was a major step towards the achievement of Japan's fourth medium-term ODA target, which called for the disbursement of at least $50 billion over the five years from 1988 to 1992, more than double the sum disbursed in the previous five years.

97. Turning to some of the specific issues relating to the development of developing countries, he stressed first the importance of the maintenance of political and social conditions conducive to sustained growth and development. He emphasized that violations of human rights could not be accepted in any country, regardless of its political and social system.

98. In his delegation's view, the whole objective of growth and development was to eliminate poverty and deprivation and improve the well-being of all mankind. In tackling poverty directly through development programmes, it was important to realize that human resources were both the end and the means of development, as was indicated by the experience of those countries that had achieved such remarkable economic development in the 1980s. Emphasis must therefore be placed upon nutrition, education, training, health and other essential components of the infrastructure, as well as such social issues as the role of women and the distribution of income. Although primary responsibility for the task of eliminating poverty and maintaining political and social stability must rest with the developing countries themselves, their efforts must be assisted by the international community in a spirit of international co-operation.

99. Within the context of its overall development assistance efforts, Japan had doubled its assistance to the least developed countries. It was also considering extending its current non-project grant assistance, totalling about $500 million, to strengthen support for economic policy reforms in countries in sub-Saharan Africa and other low-income developing countries. The new programme would provide about $600 million over the three years beginning in fiscal 1990. His delegation hoped that the Second United Nations Conference on the Least Developed Countries, to be held in Paris in 1990, would produce meaningful results, through the efforts both of the least developed countries themselves and of those countries in a position to co-operate with them.

100. The debt issue had become one of the most serious challenges facing the world. Again, a solution to the problem demanded efforts by the indebted countries themselves to readjust their economic structures, through such measures as maintaining a favourable economic climate for foreign investment. Donor countries should continue to assist those efforts on a case-by-case basis, taking into account the situation in each country. In 1988, Japan had decided virtually to cancel approxi-

mately $5.5 billion of bilateral lending to least developed countries through measures of the kind proposed in Trade and Development Board resolution 165 (S-IX).

101. In regard to the middle-income indebted countries, a number of countries, including Japan, had taken initiatives to develop a new strategy. A general framework had already been agreed upon and the technical details for its implementation were being studied by the countries concerned and the international financial institutions. When the international framework was finalized, Japan intended to support the economic adjustment programmes of such indebted countries through parallel lendings by the Export-Import Bank of Japan and IMF that would amount to an estimated $4.5 billion over the next few years.

102. The decrease in financial flows to developing countries since 1981 must be reversed. In order to facilitate financial flows other than ODA, his Government had since 1986 been carrying out a recycling scheme involving more than $30 billion. Some 90 per cent of the scheme had already been implemented and Japan would continue to make every effort, including the smooth implementation of the recycling scheme, towards solving the debt problem.

103. It was increasingly recognized that global environmental problems required urgent attention and co-operative action by the entire world community. The issue must be considered in the context of an overall programme for sustainable growth and development, and Japan was determined to contribute positively to the response to that important challenge. It had already taken steps to assist developing countries in conserving the environment and was planning to expand such operations. Following on the seminar on the protection of the ozone layer in Asia and the Pacific, held in Tokyo in May 1989, his Government intended to hold a conference, together with UNEP, on the global environment and sustainable development in September 1989.

104. In resolution 42/169, of 11 December 1987, the General Assembly had designated the 1990s as a decade for fostering international co-operation in the field of natural disaster reduction. A report had been submitted in June by an international *ad hoc* group of experts and further studies at the expert level had been organized. In his delegation's view, the international community had a moral duty to seek to reduce the damage done by natural calamities. Japan had consistently emphasized the idea's importance and had financed the activities of the expert groups and served as host at the meeting in Tokyo at which the *ad hoc* group had adopted its final report. It was now important to find a framework for that new venture in international co-operation, the success of which would hinge upon the possibility of obtaining support from and mobilizing the whole spectrum of the international community, both the public and the private sector, including scientific and technological circles, with the United Nations itself playing a catalytic and facilitating role. A new approach would be needed and his delegation hoped that the discussion in the Council and the General Assembly would contribute to that end. It was its intention to introduce a draft decision, which it hoped would be adopted by consensus, so that the General Assembly could take final action to launch the decade in 1990.

105. The special session of the General Assembly on international co-operation and development, scheduled for April 1990, would give the United Nations a unique opportunity to demonstrate to the world that a new spirit of constructive international co-operation, clearing the way for a real North-South dialogue, had emerged. It should be an occasion on which developed and developing countries could discuss ways of enhancing international co-operation on issues of common concern in the light of the recent rapid transformation of the world economy, free from the confrontational attitudes of the past and from unrealistic and conventional patterns of negotiation. It should be possible to discuss major issues more directly than ever before, without prejudice or bias, in order to promote the development of the whole international community. Unless that could be done, the special session might merely be a repetition of the past. In that connection, his delegation had been disappointed at the first session of the Preparatory Committee in May to hear the spokesman of the Group of 77 express the Group's unwillingness to discuss such important issues as population, natural disaster reduction, adjustment policies and the role of women. If such unobjective and arbitrary positions were taken from the outset, the special session might not be as fruitful as it ought to be. Although it was universally agreed that a new approach was necessary, so far the meetings of the Preparatory Committee had differed little from previous experience. His delegation felt strongly that at its coming session the Preparatory Committee should engage in more serious objective and constructive work, and it intended to make every effort to that end.

106. The special session could provide useful guidance for the international development strategy for the fourth United Nations decade for development. His delegation had argued strongly, at the first substantive session of the *Ad Hoc* Committee of the Whole for the preparation of the strategy, that the strategy must be innovative and not a repetition of the past. Its formulation should give due consideration to the great diversity among developing countries and place greater emphasis on realistic and qualitative targets. It should be confined to a limited number of crucial and urgent themes pertaining to the social and economic development of the world in the 1990s and possibly beyond. In that regard, his delegation welcomed the general convergence of views on the basic orientation of the strategy that had emerged at the first meeting held in June. It hoped that the discussions at the current session of the Council, either formal or informal, would help to promote a common understanding of the general concept and lay a firm foundation for the work of the *Ad Hoc* Committee's second substantive session in September.

107. At the seventh session of the United Nations Conference on Trade and Development, Japan had proposed

the establishment of an independent high-level group to examine ways and means of encouraging financial flows to developing countries. The proposal had led to the appointment of the Schmidt Commission, an independent group on financial flows to developing countries consisting of 16 eminent persons from developed and developing countries. The Group's report, "Facing One World", had been issued on 1 June 1989 and was currently available. His delegation believed that the report's recommendations constituted a positive step towards effective solutions to the problems of debt, protectionism, external imbalances and the special difficulties of the least developed countries and hoped that the United Nations would give some of them consideration.

108. In conclusion, he wished to bid a personal farewell to the Council, with whose work he had been associated for almost three decades. It had been a learning process during which he had met and worked with many of the great figures who had led the North-South dialogue in the past, including Mr. Raúl Prebisch and Mr. Manuel Pérez Guerrero. Naturally, there had been many vicissitudes in development of the North-South dialogue and it might be that from the long-term perspective three decades was only a short term. However, for a number of years, he had heard criticism to the effect that in economic matters the United Nations system was not functioning as effectively as originally intended in the Charter, that the international community did not attach importance to the role of the United Nations in that field and that the Council's activities ignored the realities of the world economy.

109. Despite those criticisms, he believed that the United Nations was the sole universal body able to create a global approach to economic problems and thus the only body capable of resolving the most pressing issues facing the world. He urged delegations not to limit the Organization's global and universal effectiveness through egoistic attitudes on the part of a group of countries or sometimes even a single country. He believed that the United Nations activities in the economic and social field should be revitalized by a new approach different from the past, free from the constraints of conventional dialogue and with a more realistic attitude based on the realities of the world economy. He also believed that the Council could not be revitalized simply by a reform or rationalization of the United Nations system; its revitalization demanded a change in the way of thinking and the attitude of delegations, in the form of more active participation, greater vision, more innovative ideas and a more serious attitude. He believed that the United Nations could and must move towards that end.

110. Mr. GHEZAL (Tunisia) said that the Council was meeting at a juncture that was particularly sensitive and complex, from the point of view of the economic growth and social and economic development of the developing countries and the economic prospects of the developed countries and the stabilization of the world economic system, which had undergone more than a decade of fundamental restructuring.

111. World economic instability had been intensified by the growing budgetary and trade imbalances among the developed countries, whose economies had a direct and decisive impact on the world economy as a whole. The continuous though moderate growth of the major market-economy developed countries over the past 10 years had made their economies and that of the world as a whole more interdependent but had not resulted in the kind of global co-ordination that might have led to increased stability. The effects of that situation on the developing countries had, in most cases, been devastating, especially on those middle-income countries most exposed to them, given the failure of their efforts at integrated development to receive the financial and technological support they had been entitled to expect from their developed partners. The fact that for a number of years the developing countries had been making a determined effort to restructure, rationalize and modernize their own economies and societies had made their need for such systematic, substantial and constant support more vital. Their national material and human resources were clearly insufficient to ensure the sustained and durable growth and development that could lead to the progress and well-being to which their peoples aspired. Furthermore, the impact of their limited resources was increasingly diminished by the debt servicing burden, as interest rates continued to rise under the pressure of the internal imbalances of certain developed economies. The *World Economic Survey 1989* and the *Report on World Development* by the World Bank had both stressed the decisive impact of the developed countries on the international economic environment and hence on the economic growth and development of the developing countries. National policies, while important, could never be sufficient on their own.

112. Tunisia had been encouraged by the Caracas Declaration of the Group of 77 and by the OECD Declaration, both of which placed greater stress than before on international economic co-operation for development. The 1990 special session of the General Assembly on international economic co-operation and development would give the international community a unique opportunity to demonstrate its belief in interdependence and solidarity. The current convergence of views between the United Nations and the World Bank and IMF should mean that the special session would be able to agree on conditions for revitalizing the dialogue between the developing and the developed countries, including the centrally planned economies. It should also be able to agree on ways and means of relaunching economic growth and development in the developing countries, in the context of their integration into a world economic system of dynamic global interdependence. It was important for the United Nations and the financial institutions to set up joint machinery for co-ordination and follow-up. An effective and rational use of the complementary character of those intergovernmental bodies, in accordance with the Charter and their respective mandates, should make it possible to do so.

113. On the eve of a decade that would usher in the third millenium, the role of the United Nations remained more important than ever, given the complexity, interdependence and global nature of the problems that faced the world. The vital need to end the destruction of the environment and to find effective means of protecting it was a global problem demanding a global solution. At the heart of the search for a genuine solution lay the question of the responsibility of the industrialized countries, whose development had been brought about through the implementation of polluting industrial policies and the intensification and perpetuation of production and consumption programmes highly damaging to the environment. The developing countries were suffering from a speedy and serious deterioration in their own environment as a result of their growing development difficulties, poverty, the decline, indeed the reversal, of financial flows, their diminished capacities for social and human development and the obvious inadequacy of their resources for scientific and technological research. Tunisia, which was a co-sponsor of General Assembly resolution 43/196, of 20 December 1988, believed that it was urgent to decide definitely to hold a United Nations conference on environment and development in 1992 and to start as soon as possible on the preparatory work, through a General Assembly committee of the whole, the work of which would be supported by UNEP as well as a body of ACC, so as to enable all the competent organs of the United Nations system to contribute to it.

114. Tunisia attached the greatest importance to the revitalization of the Council, in accordance with the terms of Council resolution 1988/77, of 29 July 1988, as endorsed by the General Assembly in its resolution 43/174, of 9 December 1988. While expressing appreciation of the Secretary-General's report on the topic (E/1989/95), he emphasized the close and direct relationship between it and the question of the implementation of General Assembly resolution 41/213, of 19 December 1986. As a result of that resolution, adopted at the height of the grave financial crisis still confronting the Organization, the functioning of the Secretariat and the implementation of priority programmes for the economic and social development of developing countries had been gravely impaired. A new and very harmful practice, contrary to both the letter and the spirit of the Charter, seemed to be growing up whereby the proportion of extra-budgetary resources allocated to certain activities was being considerably increased to the detriment of others whose priority and urgent nature were reflected in the medium-term plan. In the circumstances, CPC had been unable to carry out its responsibilities to the full, thus making the role of the Council in respect of the programme budget and co-ordination of the economic and social sectors more important than ever. He believed that delegations would maintain their commitment to strengthening the role and effectiveness of the Organization and the Secretariat support structures, thus enabling the Council to adopt the necessary final decisions at the current session. The obligation was one for all Member States and, as experience had shown, could not be handed over to a small committee or group of experts.

115. He stressed Tunisia's belief in the universal character of the United Nations, in particular its operational activities for development, as governed by the 1970 Consensus and reaffirmed at the thirty-sixth session of the UNDP Governing Council. It was unfortunate that the Administrator's financial projections had not met with the approval of the developed-country members of the Governing Council. Nevertheless, even though in real terms the financial resources available to UNDP would stagnate, greater effectiveness and rationalization of the operations of the subsidiary bodies responsible for those activities should make it possible to improve both the quality and the quantity of programmes and projects.

116. The report of the Director-General for Development and International Economic Co-operation on the implementation of General Assembly resolutions 42/196 and 43/199 (E/1989/106 and Add.1) formed a good basis on which the Council could work to prepare for the in-depth review to be completed at the Assembly's forty-fourth session. In that connection, it would be useful if the supplement to the Director-General's report took a more innovative and action-oriented approach, in line with the needs and priorities of all the developing countries.

117. Despite the gravity of the developing countries' economic and social situation and the continuing economic crisis affecting them, the first glimmers of hope had appeared. As recent events had shown, international stability, peace and security depended on the sustained and lasting development of the developing countries. President Mitterrand's initiative, the Brady Plan, the Japanese proposals and the steps taken or announced by Canada, the Nordic countries and the United Kingdom, though limited in scope and application, were nevertheless an indication that a start had been made on revitalizing a dialogue wherein the international community would recognize the necessity of the development of the developing countries and their integration into the world economic system.

The meeting rose at 1.10 p.m.

19th meeting

Thursday, 6 July 1989, at 3.10 p.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.19

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. OMAR (Libyan Arab Jamahiriya) congratulated the Group of 77 on the recent celebration of its twenty-fifth anniversary at Caracas. It was now a quarter of a century since the Group of 77 had made its determined start on restructuring the world economic system, putting forward a series of initiatives to remedy the imbalances between North and South and strengthen economic co-operation among the members of the Group. The Group, which adhered strictly to the purposes of the Charter of the United Nations, was convinced of the necessity of establishing a new world economic order. In that connection, he thanked the Secretary-General of UNCTAD and the Secretary-General of the United Nations for their tireless efforts to negotiate the entry into operation of the GSP.

2. He noted with regret that, as far as the world economic situation was concerned, he could confine himself to repeating almost unchanged the comments he had made during the second session of the Council in 1988.[1] The world crisis persisted and solutions remained as far off as before, since national self-interest was as inveterate as ever. Persistent recession was lowering the level of development in many countries, financial flows were still inadequate and exchange rate fluctuations and trade imbalances were as large as ever. In some developing countries where the impact of the deteriorating situation was particularly heavy, development was in jeopardy. The weakening of economic and social structures was a threat to the implementation of development projects, which could only mean increased poverty. The phenomenon was reaching crisis proportions, particularly in Africa. The continent had also suffered from drought for several years, resulting not only in serious food shortages but also natural disasters and increasing environmental degradation. Some African countries were on the edge of total collapse. Protectionist measures directed against them wiped out any possibility they might have had of exporting their first industrial products and, since their population continued to increase, the gap between them and the developed countries widened inexorably.

3. The indebtedness of the developing countries intensified their difficulties and despair. The debt risked wiping out the gains of the 1960s, in other words, economic independence. The President of Venezuela had been right to warn the President of the World Bank that it was impossible to force the debtor countries to adopt economic austerity measures when debt servicing absorbed more than 50 per cent of their export earnings. It was also inevitable that, at the least increase of unemployment in those countries, the great mass of the population should express their frustration in violence. In the absence of any real solution, the debt crisis would inevitably have disastrous repercussions on the creditor countries of the developed world.

4. Similarly, the developed countries would inevitably suffer along with the developing countries from the environmental damage which was already causing an ecological crisis. That crisis was inseparable from pending economic problems. Solutions to those problems must henceforward have a double aim: to restore the economy and to protect the environment. On the environment, moreover, the alarm must be sounded immediately, since not only present but future generations were already threatened. The developed countries must take the first step, since they were better armed technologically than the developing countries. In particular, they must seek out truly effective means of eliminating dangerous nuclear waste. The measures currently being taken were inadequate and the best means of securing the elimination of that waste would be, in his delegation's view, to prohibit all nuclear production.

5. He regretted that certain peoples were still unable to participate in world economic life and were still struggling, in South Africa, Palestine, South Lebanon and the Golan, to attain freedom and independence and enjoy the most basic human rights. The economic and trade practices directed against the Palestinian people prevented them from protecting their natural resources. The arbitrary measures of the authorities occupying Palestinian territory, such as seizing land, dynamiting houses and installing Zionist colonies, were changing the geography and demography of Palestine.

6. A degree of optimism was currently felt over the slackening of tension throughout the world, which had led to the solution of certain regional conflicts and facilitated real progress towards disarmament, but to obtain still more fruitful results the opportunity must be seized to attack the problems as yet pending.

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[1] See *Official Records of the Economic and Social Council, 1988, Plenary meetings*, vol. II, 22nd meeting.

7. An end to the world crisis would be in the interest of all countries, and the developed countries should understand that in fact it was in their interest to renounce egoism and practice genuine fairness in their relations with the developing countries, particularly in respect of transfer of technology. It was vital for them to lift the virtual economic blockade of which some developing countries were the victims. It was also essential for dialogue to be renewed, on a footing of equality, because any solutions would necessarily be negotiated and collective. Such solutions would also demand radical reform of international institutions. The President of Venezuela had been right again to compare the adjustment formulas of IMF to those medicaments sometimes given to a patient without being certain he could survive them. The renovation of institutions should relaunch international and regional co-operation, and he welcomed the recent establishment of a number of Arab regional organizations as a good augury for the restoration of dynamism in regional co-operation.

8. Mr. GRANT (Executive Director, United Nations Children's Fund) said that, in the face of economic difficulties, the poor—and especially the most vulnerable among them, women and children—suffered most. The average weight-for-age of young children was falling in many countries for which figures were available. In the 37 poorest nations, spending per head on health had been reduced by 50 per cent and on education by 15 per cent over the past few years, and in almost half of the 103 developing countries for which recent information was available, the proportion of 6- to 11-year-olds enrolled in primary school was declining. However, despite that alarming slow-down in the major part of the world, there had been some encouraging progress. Two major child health programmes launched in the 1980s, the Expanded Programme of Immunization and the Programme for the Control of Diarrhoea through Oral Rehydration Therapy, were alone saving the lives of about 2.5 million children under five every year.

9. On the threshold of the last decade of the twentieth century, the international community was voicing increasing concern for the human dimension of development and seeking to define common high-priority goals which were achievable. The most significant variable in that connection was whether political will could be stimulated in order to transform possibility into reality. UNICEF, anxious to promote a consensus on clearly defined goals, was seeking, through meetings and consultations, to help to define the goals and strategies for children in the 1990s. Thus, for example, an international Task Force on Child Survival, in which several international organizations participated, had met at Talloires (France) and agreed on an ambitious but achievable set of goals for mobilizing the international community in the 1990s. Similarly, consultations had been conducted among a wide range of non-governmental organizations with a view to defining the goals towards which they were willing to work. More formally, the WHO/UNICEF Joint Committee on Health Policy was offering useful assistance, through its expertise in the field, in establishing those priority goals. Finally, UNICEF's Executive Board had endorsed those goals and strategies, and had been encouraged to note that, in examining the goals for the United Nations system, the ACC Committee on Operational Activities and the Task Force on Long Term Development Objectives had reached similar conclusions. The following four major objectives seemed to enjoy broad support from the international community: between 1980 and the year 2000, a reduction of at least 50 per cent of infant and under-five mortality rates in all countries, or a reduction to 50 and 70 per 1,000 live births respectively, whichever was less; between 1980 and the year 2000, a 50 per cent reduction in the maternal mortality rate; the eradication of polio and the Guinea worm; universal basic (primary) education for children and accelerated literacy programmes for adults, especially women. If the first goal were achieved by the year 2000, and experts agreed that it was feasible, the lives of more than 100 million young children would be saved in the last 20 years of the century. Moreover, the number of births would decline by an even greater number as parents became increasingly confident that their first children would survive.

10. It was also important, on the threshold of the new decade, to restore the capacity of the United Nations system to play a vital role at the operational level, and the same technique of setting clear, widely supported and achievable goals, an approach which had proved its effectiveness by mobilizing the international community in favour of child survival and development, should again prove useful. Unfortunately, the United Nations system's efforts to achieve coherence had too often faltered at that first step.

11. At its last session, the UNICEF Executive Board had favourably reviewed a policy paper on the relations between UNICEF and the United Nations system and principles for inter-agency action, which was an important illustration of the way in which the United Nations system could mobilize in support of country-level actions. Water supply and sanitation was undoubtedly one of the fields in which inter-agency action had benefited most from clear and tangible goals, including those of the International Drinking Water Supply and Sanitation Decade. At the same time, adjustment policy was an area in which stronger inter-agency efforts were clearly needed. On one hand, it was too often forgotten that co-ordination must help to address the sometimes competing needs of financial equilibrium versus long-term development activities and human needs, and, on the other, new inter-agency initiatives were under way in the area of education. The World Conference on Education, sponsored by UNESCO, the World Bank, UNDP and UNICEF, to be held in Bangkok in 1990, should permit an innovative attack on the problems of basic education and literacy that would be one of the foremost joint efforts of the 1990s. The UNESCO and UNICEF Executive Boards had created a new mechanism modelled after the joint UNICEF/WHO Committee, a joint committee on education policy, that would ensure a concerted common effort. In the fields of health and child survival, the

co-ordinating mechanisms long established by WHO and UNICEF had demonstrated their effectiveness. It would also be profitable for the future to strengthen the links between UNICEF and UNFPA. As representative of the Secretary-General in the Sudan, he had been able to appreciate the value and the effectiveness of inter-agency co-operation, when it was well conceived, during a major multi-agency emergency relief operation.

12. It must be recognized, however, that, given the depth and breadth of the issues, inter-agency action by the United Nations system could only be properly co-ordinated by national Governments themselves. Moreover, the action needed was sometimes so major that it could not be addressed by the United Nations system alone. Lastly, within the United Nations system, much more could be done to ensure that the agencies helped each other. In particular, the role of the Resident Co-ordinators should be strengthened, *inter alia* by the actions recommended by the ACC Committee on Operational Activities. The Resident Co-ordinator system had not been adequately supported and utilized. Recent surveys of UNICEF field representatives showed that meetings convened by the Resident Co-ordinator on issues of programme substance took place far too rarely. As the Administrator of UNDP had said (18th meeting), the structures of the United Nations system were basically sound and what was needed was not new structures, or new studies of structures, but more thorough and systematic use of the existing structures.

13. He was gratified to see that, on the tenth anniversary of the International Year of the Child, the General Assembly would have before it a draft United Nations convention on the rights of the child. It was to be hoped that the convention would be ratified as soon as possible and the principles codified by it fully implemented. It was also gratifying to see support growing widely for a world summit for children: 75 Governments had already expressed support. It could be the means of progressing beyond the stage of the disappointments in mechanisms and dogmas of the 1980s and of drawing, for the next decade, on the as yet unused potential of the vast majority of the disadvantaged. That was perhaps the greatest challenge of the fourth United Nations development decade.

14. Mr. SRIVASTAVA (Secretary-General, International Maritime Organization) reiterated the importance attached by IMO to its co-operation with the Council and other organs of the United Nations. Since its establishment, IMO, which currently had 133 Member States plus one Associated Member representing 98 per cent of the world total of merchant shipping, had developed 32 instruments for the safety of merchant shipping and the prevention of marine pollution, 24 of which were already in force.

15. In 1981, the Assembly of IMO had decided by resolution A.500 (XII) that during the 1980s IMO should concentrate its efforts on consolidation and on the effective implementation worldwide of existing treaty instruments. The introduction of new instruments should be considered only on the basis of clear and compelling need. That policy, which had borne fruit, was constantly under review to ensure that it responded to the wishes of Member States and the objectives of the organization. Within the framework of the fundamental policies embodied in resolution A.500 (XII), IMO had continued to provide leadership in the effort to promote safety at sea, to prevent marine pollution from ships and to provide the trained manpower needed for achieving those objectives.

16. In the field of maritime safety, a major achievement in 1988 had been the adoption of the requisite instruments for introducing the global maritime distress and safety system and a new and harmonized system for the survey and certification of ships.

17. In the field of marine environmental protection, attention had been focused on control of pollution by noxious liquid substances carried in bulk and other important aspects of the implementation of the International Convention for the Prevention of Pollution from Ships, of 1973. IMO had also continued to provide assistance to countries faced with the threat of pollution, including the finalization and publication of a Guide to International Assistance in Marine Pollution Emergencies. It had also continued to participate actively in the regional seas programme of UNEP. In the related area of the prevention of marine pollution by dumping of wastes, IMO was continuing to provide the secretariat for the consultative meetings of parties to the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, of 1972, at which such important questions were examined as the disposal of low-level radioactive waste and incineration at sea.

18. IMO was deeply aware of its responsibilities in the field of environmental protection and had always attached the highest importance to the environmental impact of shipping. In that regard, it had reacted positively to the relevant directives and resolutions of the United Nations. It particularly welcomed the adoption of General Assembly resolutions 42/186 and 42/187 of 11 December 1987, and 43/196 of 20 December 1988, on the protection of the environment. It looked forward to continuing to participate actively in future discussions of environmental matters, including those to be held under the auspices of ACC at the executive-head level.

19. In the legal field, IMO had convened a diplomatic conference in April 1989 which had succeeded in adopting a new Convention on salvage. In co-operation with UNCTAD it had continued to study the question of maritime liens and mortgages. It had also developed and adopted a Convention and a Protocol on the suppression of unlawful acts against the safety of maritime navigation.

20. To ensure the implementation of the rules and standards adopted, governments must be willing to apply them. They must also possess the necessary resources and technical expertise to do so. To enable its members, particularly the developing countries, to become self-reliant in the technical aspects of shipping, port manage-

ment and pollution prevention, and in order to avoid the casualties so often due to human error, IMO placed the highest possible emphasis on training in its technical co-operation programme. Its strategy in that connection had three components.

21. The first was based on co-operation with training institutes in Africa, Asia and the Pacific, and Latin America, with special attention to the training of teachers in modern methods and the updating of training programmes.

22. The second component of the strategy was the establishment of training institutions at the regional and global levels, headed by the World Maritime University. The University, which was held in high regard in maritime circles, provided advanced training for specialists from developing countries. On returning to their country of origin, graduates of the University could replace expatriate personnel in highly responsible positions and thus help the country concerned to become self-reliant. Another important institution was the IMO International Maritime Law Institute, which aimed to provide developing countries with trained maritime lawyers, particularly for the implementation of IMO treaty instruments.

23. The third part of the strategy consisted of the development of specialized model courses on major aspects of the shipping industry, to be used initially in training institutions in the developing world and eventually in suitable establishments in the developed countries. Some of those courses were also planned to be used in the curricula of the branches of the World Maritime University which had so far been set up in 11 developing countries. He expressed his organization's deep gratitude to UNDP and those developed countries which were supporting IMO's programme for human resource development in the developing world.

24. In the area of inter-agency co-operation, IMO was participating in the work of the United Nations system, including the co-ordination machinery within the framework of ACC. It was taking part in the preparations for the international development strategy for the fourth United Nations development decade and would continue to contribute to it in its own field. Noting the importance attached by ACC, in its guidelines on the preparation of the strategy, to the development of transport and communications, he expressed the hope that in its own recommendations to the General Assembly the Council would reflect the concerns of IMO and its member States regarding the importance of maritime transport in the development process.

25. He believed that the creation of an efficient shipping and port infrastructure and improved training in that sector could play an essential part in implementing the recovery programme for Africa and in providing impetus for the goals of the Second Transport and Communications Decade in Africa. In that context, he noted that the largest group of students admitted to the World Maritime University was from Africa.

26. His fourth and last term of office as Secretary-General of IMO was due to expire shortly and he wished to pay a tribute to IMO's member States for their determined endeavour to promote the common good of the world maritime community, with special attention to developing countries. He was grateful to have had the privilege of contributing to the development of co-operation between IMO and the Council and hoped that that co-operation would continue and increase in future years. He wished the Council every success in its mission of promoting a more equitable economic and social order.

27. Mr. VIK (Norway), speaking on behalf of the Nordic countries, said that he wished to make a few remarks criticizing the general debate in the Council. He pointed out that, in the first place, since the economic situation changed very little from one year to the next and since the Governments represented in the Council remained the same, the content of statements differed very little from what had been said at previous debates in the Council or in other United Nations forums. As for the quality of the various discussions, it must be recognized that the most penetrating analyses and the most imaginative and realistic new proposals were rarely made in the Council.

28. Attempts to rationalize the Council's work had not been very successful so far. In 1988 the Council had agreed to focus the general debate at the second regular session on imbalances in the world economy, but few delegations had followed the suggestion. At the current session the Council had again agreed to focus on structural changes and imbalances in the world economy, a topic which was admittedly topical but also rather a broad issue. In addition, one of the major policy themes for the session was entitled "Interrelated issues of money, finance, trade, external debt and development", a topic which was so all-embracing that it would be virtually impossible to focus the discussion on specific points.

29. To try to make its discussions more useful, the Council had several options. One would be to do away with the general debate altogether and use the time and resources saved to make a more determined effort at co-ordination, an area in which there was also room for improvement in the Council's performance. Another possibility would be to identify only one or two topical issues which were not too extensive in scope. Delegations would be free to take up other matters of concern to them, but they would be strongly encouraged to devote at least a portion of their general statement to the topic or topics selected, which would change every year.

30. Turning to the imbalances in the world economy, he stressed the threats that they posed to stable economic and social development, at both country and world level, as well as to future growth. On one hand, there were internal imbalances within many countries, which, in the case of the largest economies, could also have a strong impact on the international economy and must therefore be corrected. On the other hand, there were imbalances between countries, which were often created or exacerbated by the internal imbalances. Persistent trade imbal-

ances threatened the stability of the multilateral trading system, which was a precondition for economic growth. They also contributed to monetary instability, which then hampered investment, growth and trade. Monetary instability could also have a strong impact on interest rates, which in turn were of paramount importance to the heavily indebted countries. The problem of external indebtedness and the reverse net transfer of resources from the developing to the developed countries was one of the most serious imbalances in the world economy and prevented the countries concerned from returning to a situation of normal economic growth and development. The gap between the rich and the poor countries and between the poor and the rich within countries was another serious type of imbalance. Similarly, the current use of natural resources gave rise to very preoccupying imbalances.

31. The notion of balanced development must also include a certain harmony between developments in the economic and in the social sector, including respect for human rights with opportunities for all individuals to participate fully in the political process. In that connection, the Nordic countries could not but express their grave concern over recent events in China and appealed to the Government of China to respect the fundamental human rights and freedoms of the Chinese people.

32. The answers to the challenges raised by the various imbalances must be twofold: determined and continuous efforts at adjustment in the various countries, together with increased international co-operation to solve common problems. Adjustment policies in the dominant economies must take into account the impact they would have on the international economy. For example, in many cases, fiscal measures aimed at redressing internal balances would be preferable to relying solely on monetary policy, since the tightening of monetary measures could hardly fail to result in increased interest rates, with grave consequences for the heavily indebted countries in particular and investment and growth in general. It must also be kept in mind that adjustment in international imbalances was a shared responsibility for both creditor and debtor countries.

33. A significant improvement in the situation of the poorest countries could only be achieved through effective economic reform programmes supported by further debt relief measures and a significant increase in concessional financing, which would in turn require a marked improvement in the ODA performance of the largest industrialized countries. The problems of the heavily indebted middle-income countries must be solved through a variety of measures, including economic policy reforms by the countries themselves, voluntary market-based debt reduction mechanisms with adequate support from the multilateral institutions in combination with new financial flows, and increased investment to facilitate the relaunching of growth. The Nordic countries accordingly actively supported the elaboration and implementation of a strengthened debt strategy giving an increasing role to debt reduction.

34. On agenda item 7 (*a*), the Nordic countries wished to emphasize the importance they attached to defeating protectionist pressures, on the grounds that significant improvements in the overall economic situation were hardly conceivable without improved market access. They were also gratified that the Common Fund for Commodities was becoming operational. They were confident that the Fund could play a positive role in improving the situation of the commodity-dependent countries, not least by means of the activities to be financed through the Fund's second window, aimed at improving the competitive position of commodities.

35. In conclusion, the Nordic countries recommended the concept of sustainable development as a general framework for the Council's discussions and actions, recognizing both the urgent need to promote economic growth and social development and the importance of solving the problems of imbalances in the world economy. In that connection, the Nordic countries noted with satisfaction the important paragraph devoted to sustainable and ecologically sound development in the Caracas Declaration, adopted in June by the Group of 77.[2] They fully agreed with the general thrust of the paragraph and notably the point that environmental protection must be viewed as an integral part of the development process in all countries.

36. Sir Crispin TICKELL (United Kingdom of Great Britain and Northern Ireland), commenting first, before speaking on behalf of his own Government, on the statement by the French representative on behalf of the EEC and its member States (18th meeting), said that he particularly endorsed the reference to the inextricable links between economic and social development and respect for human rights. Where peaceful demonstrations were suppressed, or those struggling for democracy were executed, where the aspirations of an entire people were crushed, there was no future. History provided examples enough, and the recent terrible events in China led him to express the hope that the Chinese Government would return to the path chosen by other members of the United Nations: respect for the rights of the individual, responsibility in government and economic and social progress.

37. The Council was rather like the Sleeping Beauty, but it was unlikely that a Prince Charming would suddenly appear from within the United Nations system. The Council might continue to work away, as it had done for years, on reform schemes, but it must be admitted that so far there had been no success. Its work still suffered from a lack of direction and duplicated what was done elsewhere. Too many people were working on marginal problems and there was no effective co-ordination throughout the United Nations system. At the second regular session in 1988, it had been agreed to look at the working of the Council from the bottom up rather than the top down and some modest progress had been made in that direction. Working methods had improved, for example in the work of the organizational

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[2] A/44/361, annex.

session, and it had been decided to introduce key themes in order to give the deliberations sharper focus. Now the Council must go further and review its working methods, documentation, and the location of its sessions, from the point of view of the interests of the Council as a whole and not of specific national or regional interests. However, the Prince who was needed to kiss the Council into life would probably have to come from outside. It might be a good idea to invite some special person or body to take a dispassionate look at the Council's activities, redefine its objectives and make recommendations, however drastic, about its role, not simply in order to make savings but to return it to its proper place in the United Nations family at a time when the prospects for the Organization were better than they had ever been.

38. In April 1990, the General Assembly was to hold a special session devoted to international economic co-operation, in particular to the revitalization of economic growth and development in the developing countries. His delegation had long supported such a session and had participated actively in the preparatory process, conscious of the fact that for most members of the United Nations, economic issues, including those concerning debt, were more important than the political issues that tended to dominate the work of the General Assembly. The United Kingdom did not, however, wish to detract in any way from the role of the international financial institutions, IMF, the World Bank and the regional development banks. Moreover, those institutions were showing a growing interest in the work of the General Assembly and its subsidiary bodies, and seemed increasingly aware of the strength of the political feelings aroused by economic problems. The document that would emerge from the special session should be a short, practical and political document, laying out the principles that should underlie international economic co-operation in the next decade.

39. Turning to the central theme of the current session, he said that the main fears of the industrialized countries were a recrudescence of inflation, a slackening of the rate of growth, continuing imbalances caused by surpluses and deficits among them and persistent disequilibrium within the world economy. Other countries, notably the principal debtors, feared in addition that their debts would inhibit their possibilities for development and compel them to consume those precious and sometimes non-renewable resources which should be the basis for the wealth of generations to come. They also feared discrimination against the expansion of their trade. No country, industrial or other, could escape the imperatives of adjustment to the realities of change and realistic macro-economic management had never been more necessary. Some countries would have to adjust to changing patterns of industry, in particular the spread of information technology, and some would have to adjust to changing patterns of supply and demand and the inexorable need to forge a balance between resources and population.

40. In the past few years, a long-term problem had begun to occupy the foreground: the environment. Often misunderstood and misrepresented, the question was one of the very survival of society and not a new device by the developed countries to maintain other parts of the world in poverty. Unwittingly, the Earth's surface had been damaged, the rivers and seas polluted and the atmosphere altered, to such an extent that mankind was currently confronted with a danger more universal even than the nuclear threat. Extremely complex environmental problems were emerging with unprecedented speed. First it was necessary to understand what was happening, and there progress had been made. International bodies such as the World Commission on Environment and Development (Brundtland Commission) were looking at the problems and reaching conclusions and public opinion was being mobilized, sometimes ahead of Governments.

41. The situation also had a political dimension. Governments, previously loath to concern themselves with long-term prospects, were now reacting with surprising speed. Such had been the case, for example, after a British Antarctic Survey had identified the depletion of the ozone layer. Only two years had elapsed between the Vienna Convention for the Protection of the Ozone Layer, of 1985, which had set out the general principles, and the Montreal Protocol on Substances that Deplete the Ozone Layer, of 1987, which prescribed the means of action, and there was hope that the chemicals responsible for damaging the ozone layer would be phased out in a matter of years. It would now be necessary to take similar action over the greenhouse effect. It was for that reason that, at the first regular session of 1989, his delegation had proposed the conclusion of a framework convention, to be followed by specific protocols, the strengthening and adaptation of existing United Nations institutions and the broad lines of an action programme. Other proposals had also been made and it would be necessary to avoid duplication. Perhaps some simple mechanism could be created to put the ideas together and evaluate them.

42. Lastly, thought must be given to the character of the actions envisaged to deal with problems which were both practical and global, since they were related to the way in which energy was generated, the way in which land was used and the way in which industry transformed and used natural resources. It would be neither easy nor cheap, and it was to be expected that the industrialized countries, which had unwittingly created the problem, should play a leadership role in seeking means of controlling global heating and give other countries the necessary help through bilateral and multilateral channels. Those issues should be thoroughly examined and debated, both by the Council and the General Assembly, and his delegation intended to play an active part in the discussion. An immense amount would have to be done before the United Nations conference on environment and development in 1992 if it was to be productive. The matter, as always, was one of priorities and there was no higher priority than the health of the planet and of the human species.

43. Mr. JAZAIRY (President of the International Fund for Agricultural Development) said that multilateralism had been eroding in the first half of the 1980s but was regaining ground, although slowly and uncertainly. The recent third replenishment of IFAD's resources illustrated that trend as well as the limitations of the replenishment process as it currently operated. IFAD's core financing was provided by its first two categories of members, the industrialized countries and the OPEC countries. Despite their critical economic situation, most of the latter had maintained their contribution at the level of the second replenishment of three years earlier. However, a few contributions had been drastically reduced, thus bringing the contribution of the OPEC countries to its lowest level overall. Fortunately, for the first time, the industrialized countries had agreed, in addition to their core contribution, to match the amounts in convertible currency pledged by the third category of IFAD members, the developing countries. The latter had been encouraged to raise their contributions almost fourfold in comparison to the second replenishment. It had thus been possible to avoid a radical reduction in the overall replenishment. Indeed, the total amounts pledged had risen from $476 million in the second replenishment to a provisional amount of $550 million. That level, however, was below the global amount of $750 million mobilized under the second replenishment, which had included $300 million under the Special Programme for Sub-Saharan Africa.

44. That Special Programme had provided IFAD with additional means to evolve innovative and effective ways of helping drought-stricken sub-Saharan countries to promote an ecologically balanced programme for the alleviation of poverty. Simultaneously, these countries had been helped to improve the supply response of their smallholder producers and of the rural poor. IFAD's policy aimed to preserve those vulnerable groups from the short-term impact of adjustment policies. IFAD had faced a particularly arduous task in Africa but had been able to cope with it adequately, since it had mobilized about $300 million for the Special Programme. By the end of the year, the level of commitments would reach $220 million in support of 23 projects and programmes in 18 priority countries. The operation had reinforced IFAD's relevance in international development co-operation by establishing its ability to address, through targeted investment, pressing issues often overlooked by macro-economic approaches or dealt with simply through relief measures. The proponents of macro-economic and sectoral approaches, although anxious to combat poverty, tended to be concerned more with asset-based production than with the producers themselves. The latter continued to be regarded as "human resources" and there was a tendency to forget that development should be centred upon people. Initiatives relating to the well-being of the vast majority, often disenfranchised by virtue of their assetless status, remained at best an afterthought, dealt with through some welfare compact. IFAD was attempting to correct that mechanistic approach.

45. Alarmingly, rapid population growth and economic forces were worsening land availability and pushing the rural poor into increasingly marginal areas. In addition to the totally landless there were the marginal farmers, with landholdings too small to provide them with the means of subsistence. The overwhelming problem of increasing landlessness, affecting female-headed households in Asia, Africa and Latin America especially, called for urgent supply-enhancing actions. Otherwise, environmental degradation would be unavoidably accelerated.

46. The twin challenges of poverty and environmental degradation could be dealt with through better resource management. That could be achieved, first, through a programme to meet the short-term food requirements of the landless, by creating employment for them off the farm and thus reducing the pressure on marginal and vulnerable land. However, for such resource management to be effective, it must be complemented by a programme of direct measures to ensure the long-term sustainability of a production system for the benefit first and foremost of the small farmers themselves.

47. The first component was a programme for small-scale rural enterprises. Such enterprises and off-farm activities were emerging as a key element in ensuring that poor groups in rural areas could acquire "entitlement" to food. Land-based investments could not reach the rural landless, who would continue to deplete the environment further, or flock to the overcrowded cities, unless economic opportunities could be created for them in the countryside. Small-scale rural enterprises required very little capital and could be operated by the landless as individuals or as small groups. That could be an effective way of providing employment and income if the right conditions were created of access to credit, technology and markets. Such an approach was a natural complement to rural development and an integral part of it, strengthening as it did forward and backward linkages with smallholder agricultural production. The Fund, which had direct operational experience in poverty alleviation in the rural areas of 91 developing countries, was well placed to design a programme for small-scale rural enterprises which could systematically link rural development with better resource management in agriculture.

48. However, given the extent of damage to the environment, the programme should be complemented by direct measures to preserve the ecological balance by alleviating the poverty of the smallholders who remained on the land. The programme therefore called for the implementation of an integrated programme for poverty alleviation through environmental protection and he hoped that donor countries would give their support to such a programme. Restoring a proper ecological balance would mean increased resource allocations for targeted operational programmes. So far, environmental issues had been seen mainly in terms of the challenge to the technological capacity of the industrialized world. The World Bank had fortunately introduced a sharper development dimension by setting up a fund seeking to promote, in macro-terms, alternative means of environmental preservation while maintaining economic growth.

It was necessary to go further, however, and address the more fundamental question of the vicious circle of poverty and environmental degradation which was emerging in the developing countries as the cause of accelerating deteri-oration of the natural resource base. Poor smallholders could not afford the longer-term investments necessary for environmental protection. Their struggle for survival led to practices that were depleting the fragile ecosystems of vulnerable areas and eroding productivity further. A revision of priorities must be sought, therefore, not only through macro-policy changes but also and above all through a refocusing of development strategies on alleviating poverty through environmental preservation. The coming years offered a unique and perhaps final opportunity to turn around the negative linkage between rural poverty and environmental degradation. To do so, investments must be increased substantially in order to turn the current threat to the resource base of the developing world into a promise of well-being. To that end, specific price adjustment policies should be put into effect to create incentives for smallholders to adopt environmentally sound technologies. In some situations it might be necessary to create fiscal instruments such as taxes and subsidies. Above all it was vitally necessary to implement reforms of land and water entitlements to encourage farmers to participate in projects that could meet their basic needs without destroying the resource base.

49. Finally, the issue of the technology to be used to enhance the resources of the poor must be confronted. In some areas the technological means already existed, or unwarrantedly discredited traditional technologies could be reinstated. In other cases, new procedures would have to be developed, appealing to smallholders and promoting early production increases, together with conservation practices of long-term impact. A viable programme to combat poverty and environmental degradation, calling on beneficiary participation, should be well defined and sharply focused on areas of serious ecological degradation. IFAD, whose exclusive mandate was to deal with the problems of rural poverty, was ready to implement, in co-operation with the interested parties, an integrated programme for poverty alleviation through environmental preservation.

50. Mr. MAIER (Deputy Director-General, International Labour Office) said that the debate in the Council would probably be dominated—as had been the case at the International Labour Conference—by a general feeling of dissatisfaction and concern at the growing inequalities within and between countries. The benefits of growth had been very unequally spread, as witnessed by the fall in standards of living in a great many developing countries, the appearance of new pockets of poverty in the countries of the industrialized North and the persistence of unemployment and underemployment. While growth was a necessary condition for employment, it was not a sufficient condition. A global "growth plus" strategy must be devised that would be more employment-oriented and able to combat both poverty and unemployment. Efforts of imagination, adjustment and organization were needed to attain those goals, requiring co-operation among Governments, employers and workers, both nationally and internationally.

51. The debt problem was limiting the freedom of manœuvre of many developing countries. However, the problem was only one manifestation of the huge disequilibria of the world economy. All countries, rich and poor, must take up the challenge of adjusting their structures of production to the far-reaching changes that had taken place in the world economy. However, such adjustment would not only be grossly inequitable but also totally ineffective if it could not take account of the human factor. Three conditions must be fulfilled: first, since adjustment was a painful process, the burden must be equitable and fair; second, nothing worth while could be done without the support of the people, the co-operation of all sections of the population—and especially of the economic partners—being absolutely essential; third, full recognition must be given to the human factor in development. Cutting down expenditure on education, training, health care or social protection could only destroy the very foundations of future growth.

52. The real challenge was to establish concrete policies and programmes to ensure economic growth together with employment creation and greater social justice. ILO had at its disposal an array of means of action to enable it to make its contribution to a United Nations system-wide effort to achieve dynamic growth and social progress. ILO's system of international labour standards helped ensure that due account was taken of the social dimension of structural adjustment. The system of supervision it comprised was an opportunity to maintain a constructive dialogue between national authorities, the social partners and ILO. A number of high-level meetings had helped ILO to devise policies for the future which would enhance the employment-generating capacity of the economy and the adjustment process.

53. ILO attached great importance to and would participate actively in the preparations for the international development strategy for the fourth United Nations decade for development and the special session of the General Assembly to be held in 1990, which would be an opportunity for all to look to the future and help to make real a new concept of development and world solidarity.

54. Mr. SAICHEUA (Thailand) said that the situation was marked by contradictions. An atmosphere of détente and compromise in international politics contrasted with rising conflicts in the economic sphere. The fast-growing economies of some industrialized and developing countries contrasted with the slow growth of the least developed countries. The strength of the world economy showed up the weaknesses in a system which proved incapable of improving social conditions or preserving the environment. To resolve those contradictions, international economic and social policies must be formulated that corresponded to regional and national needs for development. All nations must undertake political and economic commitments to that end. In that connection, his

delegation endorsed the comments and recommendations made by the Observer for Malaysia on behalf of the Group of 77 (18th meeting).

55. While there had been a relaxation of tension between the major powers, economic conflicts, such as those from the rising tide of protectionism, were increasingly numerous. The Council should consider how to solve such urgent current problems as depressed commodity prices, inflationary pressures, balance-of-payments imbalances, fluctuating exchange and interest rates, and third world debt. Both developed and developing countries must co-operate in solving those problems through structural change and policy adjustments. To sustain world economic growth, a stable international monetary environment and access to markets by developing as well as developed countries were required.

56. He urged all members of the Council to reaffirm their commitments to the Uruguay Round of multilateral trade negotiations, so as to ensure a free, fair and orderly trading system. He expressed appreciation of the efforts of organizations such as UNCTAD to speed economic growth in developing countries. In a world of intense economic rivalry, measures were needed to strengthen confidence and co-operation among developed and developing countries and among the developing countries themselves. In that connection, his delegation supported in principle the draft resolution entitled "Confidence-building in international economic relations", contained in document E/1988/L.34, consideration of which the Council had decided, by its decision 1988/180, to defer until the current session.

57. Even in the Asia and Pacific region, which had a reputation for dynamism, much remained to be done to restructure the developing economies. Accordingly, at the forty-fifth session of ESCAP, Thailand had endorsed the Commission's recommendation to give high priority to restructuring the developing economies of the region. Under its food aid programme, it had provided technical assistance to other developing countries, in particular the least developed countries, both on a bilateral and a trilateral basis, and fully supported the convening of the second United Nations conference on least developed countries in 1990. Thailand, which was one of the most rapidly developing Asian countries, had adjusted its investment and trade policies so as to play a key role in the region. It could serve as a channel for foreign assistance and technology to restructure the economies of Indo-China. High priority should be attached to development in the fields of environment, telecommunications, land and sea transport, forestry and tourism throughout the Asia and Pacific region.

58. His delegation agreed with the report of CDP on its twenty-fifth session (E/1989/29) that the international development strategy for the 1990s should centre on three major themes: greater concern for human development, a reduction of the number of people living in poverty, and the prevention of future deterioration in natural resources and the environment. It believed that the protection of the environment should be as great a concern as economic and social development. If the quality of life and the well-being of the people were to be improved, it was essential to tackle the problems of industrial pollution, deforestation, depletion of the ozone layer and the dumping of toxic and hazardous waste. His delegation urged the developed countries and the international organizations concerned to provide the developing countries with the financial and technical assistance needed to help them to solve their environmental problems. It supported the proposal to convene a United Nations conference on environment and development by 1992.

59. Mr. WANG Baoliu (China), speaking in exercise of the right of reply, protested that during the discussion a number of delegations had departed from the agenda to make unjustified comments on the situation in China.

60. His delegation firmly rejected the unfounded charges that had been made and regretted that some countries were seeking to interfere in China's domestic affairs. The Chinese Government had taken steps to put down rebellion and restore public order. It could not tolerate anarchy and it had a duty to defend its Constitution. Only a handful of criminals had been tried in accordance with the law and they should not be confused with the students who had taken part in the demonstrations.

61. The situation was now stable and social order had been re-established throughout the country. China intended to pursue the same foreign policy as in the past and would continue to implement the reform policy on which it had embarked.

AGENDA ITEM 15

Elections and nominations

62. The PRESIDENT invited the members of the Council to consider the nomination and confirmation of three additional members of the Board of the United Nations Research Institute for Social Development as listed in the note by the Bureau (E/1989/123).

63. He proposed that the Council should confirm the appointment of the three candidates nominated for a period of four years.

It was so decided (decision 1989/181).

The meeting rose at 5.35 p.m.

20th meeting

Friday, 7 July 1989, at 10.15 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.20

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Miss ANSTEE (Director-General, United Nations Office at Vienna) observed that the issues before the Council covered a wide spectrum of concerns, many of direct interest to the work of UNOV. Since early 1987, that office had had a new role as nucleus within the Secretariat for all activities relating to social policy and social development, including the control of drug abuse and illicit drug trafficking. The new arrangements in Vienna had permitted a more integrated approach to social problems and social policy, drawing upon the experience of the existing bodies and encouraging a multi-sectoral approach to meeting the needs of particular groups. A good example of the new approach had been the Interregional Consultation on Developmental Social Welfare Policies and Programmes in September 1987, the first meeting of ministers responsible for social questions since 1968. The guidelines adopted by consensus reflected the integrated approach to social problems and options within the framework of the overall economic situation, both global and national. With regard to narcotic drugs, there had been political and conceptual breakthroughs, notably with the International Conference on Drug Abuse and Illicit Trafficking and the adoption of the vigorous new United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.[1] Those advances reflected the increasing alarm of Governments everywhere at a spreading global canker which threatened the economies and even the judicial and constitutional structures of a growing number of countries.

2. The Council, as an essentially political forum, was most interested in focusing the various specialist views on the central objective of solving pressing common problems and promoting development, both economic and social, particularly in the developing countries.

3. The global problems of money, trade, finance and debt before the Council reflected the links which bound national economies in a degree of interdependence unequalled since the decades before the First World War, when there had been fewer sovereign States and technology had not yet transformed the world. The special session of the General Assembly in 1990 devoted to international economic co-operation, in particular to the revitalization of economic growth and development in the developing countries, and the preparation of an international development strategy for the fourth United Nations decade for development would set the stage for a renewed effort to improve that system of links and promote action to achieve a better life for all.

4. Within the Secretariat, UNOV had responsibility for bringing together ideas that States Members could take into account in formulating the social dimensions of the strategy, and for preparing the report on the world social situation for 1990. A new strategy was of crucial importance for mobilizing international support for development and for the idea of a better global environment with access for all to trade and investment resources, freedom from the colossal debt burden and an economy less prone to the convulsions of the previous decade. The strategy should integrate not only the international and national dimensions but also the economic and social and the public and private without emphasizing one dimension at the expense of others. She hoped East-West tensions would not be replaced by new rifts between North and South. International solidarity, not confrontation, offered the best basis for progress.

5. UNOV believed that at the policy level the division of development into "social" and "economic" was artificial. No one had been able to define and quantify "social development". As a result of the separating out of some sectors—education, health and housing, for example—that were regarded as "social", vital human needs had been downgraded. A multi-sectoral approach would recognize that the two aspects were complementary. The social aspect, including human resource development, encouraged economic expansion, while the economic aspect directed groups towards socially beneficial objectives. A unified approach, a "social perspective", placed human beings at the centre of activities.

6. UNOV believed that the strategy for the new development decade should be founded on the premise that development involved creating economic means to serve social ends and should consciously integrate the two spheres of activity. Development included broader-based social change. The encouragement of individual and community participation in societal management, movement towards equal opportunity for all and the strengthening of personal and institutional capacity for sustainable development were important in that context. That

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[1] E/CONF.82/15.

social perspective had to be translated into reality. The social perspective must be shown to work in different national contexts.

7. UNOV wished to strengthen its services to developing countries and had proposed an entirely new approach to UNDP to integrate the relevant social objectives and policies fully into national development strategies. She hoped that the current discussions would soon bear fruit in pilot exercises.

8. It was a mistake to think of development as merely a matter of increasing life expectancy or school attendance, or lowering infant mortality. Vital as such aims were, the central goal was the realization of the individual's resources and potentialities. Two points should be noted. First, indicators, whether economic or social, were merely indicators, useful for describing or measuring change. Secondly, development was a process and could take various courses. Although the course of events could not always be controlled, efforts could be made to clarify definitions and strive to enable people to consider what they felt was important to them. UNOV sought to do so by emphasizing the social perspective. That emphasis highlighted rather than belittled the importance of economic factors. The need for a sound economic base for social advance, whether domestic or international, was self-evident. When it came to adjustment, some short-term sacrifices clearly had to be made for the sake of long-term gain. But the latter had to be ensured by making certain that the global economic system itself was heading in the right direction.

9. Mr. OBMINSKY (Union of Soviet Socialist Republics) said that the ongoing process of consolidating real power in the hands of the people in the USSR and the decisions adopted by the First Congress of USSR People's Deputies, had highlighted a paramount rule governing his country's involvement in international affairs: not only must mutually acceptable solutions be promoted in every way possible, but everything agreed upon must be fully implemented. The year since the Council's second regular session in 1988 had been eventful for the USSR, and had included reductions in nuclear arsenals, the withdrawal of troops from Afghanistan and a reduced military presence in allied countries, as well as major steps to create conditions for the Soviet Union's more active participation in international economic co-operation.

10. One highly important step in democratizing the mechanism of Soviet foreign economic ties was the granting to all Soviet enterprises and co-operatives of the right to export and import direct, without intermediaries, and to conduct other foreign economic transactions. Provision had also been made for a broad programme to draft a customs tariff and a modern system of customs statistics, carry out a gradual transition to a convertible rouble and draft legislation on matters such as joint stock companies, competition, consumer protection and currency regulations. Foreign capital would be able to participate on better terms; for example, there was no longer any ceiling on the size of a foreign share in joint venture capital or any requirement that only Soviet citizens could be chairmen or directors of joint ventures. In early June there had been more than 500 joint ventures in the USSR involving foreign organizations or companies, and new joint ventures were being set up at a quickening pace. The idea of establishing free economic zones was being actively pursued.

11. Agreements and treaties on the promotion and mutual protection of investments, concluded with the Governments of Finland, Belgium, Luxembourg, the United Kingdom, the Federal Republic of Germany and France, were aimed at giving further impetus to the USSR's economic co-operation with the rest of the world, and negotiations were in hand with other countries, including Switzerland.

12. While looking to the advantages of increased participation in the international division of labour, the USSR did not lose sight of potential problems which might be imported. For that reason, the difficult task of restructuring the internal economy and foreign economic ties required continuing analysis of positive and negative trends alike.

13. The contradictory nature of current trends was described in the *World Economic Survey 1989* (E/1989/45). Against a generally favourable world economic background, there were signs of growing instability and disparity in development. Relatively high growth and intensified investment in industrially developed Western countries and newly industrialized States were in sharp contrast to reduced per capita GNP growth rates in the debt-burdened countries of tropical Africa and Latin America. Generally speaking, the immediate prospects for world economic development looked uncertain. A recurrence of crises in a number of developed countries, which some forecasts considered likely in 1990-1991, seriously threatened world economic stability. Moreover, many obstacles dating back to the cold war period persisted. The structural crisis, above all in the malfunctioning of the monetary and financial system, had worsened. The impact was particularly harsh for the debtor countries, whose net outflow of financial resources had increased and whose efforts to implement structural adjustment programmes were in most cases held back by serious social consequences.

14. The USSR's fundamental approach to resolving the debt problem had been presented in Mr. Mikhail Gorbachev's address at the 72nd meeting, on 7 December 1988, of the General Assembly at its forty-third session, in which he had outlined a set of far-reaching initiatives, including unilateral measures to alleviate the debt burden and proposals for joint action by the world community in that regard. The USSR viewed the settlement of developing countries' debts in the overall context of measures to solve the universal problem of underdevelopment. It attached great importance to providing development assistance, on the basis of its capabilities and the principle of free socio-economic choice for the recipient countries. Overall Soviet economic development assistance had amounted to 13.5 billion roubles

($19.9 billion) in 1988, equivalent to 1.4 per cent of the country's GNP, with LDCs receiving 0.21 per cent of GNP.

15. The USSR favoured meaningful discussion of ways to settle the debt crisis in multilateral forums, within and outside the United Nations system. It reaffirmed its support for an international conference on monetary and financial issues, for a conference on African debt, and for General Assembly resolution 43/198, of 20 December 1988, which mandated the Secretary-General to conduct high-level consultations with a view to finding common approaches to the problem of the developing countries' foreign debt. It was ready to share in multilateral efforts to implement the Rio Group proposals and to joint consultations between debtor countries and creditors. It was ready to co-operate with IMF, the World Bank, OECD and other international financial and economic institutions.

16. Another aspect of the universally recognized interdependence of the modern world was the ecological threat, which knew no frontiers. Mankind needed, as never before, a global strategy to protect the environment and manage natural resources rationally. In that context, he referred to the valuable initiative taken by Czechoslovakia and the Ukrainian Soviet Socialist Republic on the issue of international ecological security. The USSR had supported General Assembly resolution 43/196, of 20 December 1988, calling for a United Nations environmental and development conference in 1992 to define a strategy for the planet's ecological survival, and had proposed that the conference should be held at the highest political level in view of the enormity of the problem.

17. It had launched a number of ecological initiatives, particularly that relating to the establishment of a United Nations centre for urgent ecological assistance, an international space laboratory or manned station, and three series of meetings on environmental protection. Its specific proposals were spelt out in letters dated 30 April and 13 May 1989 from the Minister for Foreign Affairs to the Secretary-General (E/1989/73 and E/1989/92). His delegation hoped to hear the views of participants in the Council's current session and to discuss how the ideas could be implemented within the United Nations framework.

18. The devastating earthquake in Armenia was a further illustration of the value of joint efforts by all mankind in overcoming the destructive consequences of natural disasters. The international community's response had been unprecedented, including assistance in various forms from Governments, private firms and individuals from more than 100 countries and dozens of international organizations, including those of the United Nations family. The Soviet people expressed its sincere and profound gratitude to those who had helped the Armenian people. International disaster relief co-operation should be further developed. The United Nations, and UNDRO in particular, should have a special role in that field. The Soviet Union was ready to participate in discussions aimed at strengthening the Organization and its mandate.

19. Real disarmament offered an immense potential for releasing new resources for social and economic development and solving ecological problems. The USSR had consistently supported the principle of disarmament for development. There had recently been important strides in that regard. In the wake of the signature, in December 1987, of the Treaty on intermediate-range and shorter-range missiles, his country had announced major unilateral disarmament measures. The overall Soviet military budget, amounting in 1989 to 77.3 billion roubles, or 15.6 per cent of GNP, would be reduced by 14.2 per cent by 1991, while production of weapons and military equipment would be cut by 19.5 per cent, being reduced 1.5 to 2 times by 1995. The resolute course of demilitarizing international economic relations had enabled the USSR to take practical steps to convert from the economics of armament to those of disarmament.

20. A general outline of such Soviet actions had been presented before the United Nations by Mikhail Gorbachev. It envisaged the development of a domestic conversion plan, the preparation during the current year, and on an experimental basis, of plans to convert two or three defence enterprises, and wide publicity for the nation's experience in providing new jobs for defence industry personnel and in using defence equipment, buildings and facilities for civilian production. Such measures were already being carried out. In addition, 345 defence enterprises were being retooled for civilian production, whose output share would reach 40 per cent in two years and 60 per cent by 1995.

21. As in any new undertaking, conversion raised issues to be solved through experience, international included. The USSR had proposed that all States, first and foremost the major military Powers, should submit their national conversion plans to the United Nations. It would also be useful to establish a group of scientists to prepare an in-depth analysis of the diversion of resources problems encountered in general and in individual countries and regions, a matter referred to by Mr. Gorbachev in his speech at the European Parliament at Strasbourg.

22. The intensification of global problems required increased efficiency in multilateral co-operation in the economic and social field. The thrust and content of the work of United Nations economic and social bodies in the years ahead would be largely determined by the preparations for the special session of the General Assembly on international economic co-operation and the formulation of the international development strategy for the fourth United Nations development decade. His Government attached great importance to the work of both preparatory committees. The agenda for the special session and its final document should focus on the major problems of the world economy and multilateral co-operation, with special emphasis on the promotion of growth in the developing countries. The success of the session would depend on the development of a universal approach to the various aspects of international and eco-

nomic co-operation, to the early detection of emerging world economic problems and to a search for the balance of interests of all members of the international community. The goal was to secure agreement on consensus arrangements aimed at ensuring predictability, stability, equity, mutual benefit and non-discrimination in international economic relations, and to contribute in practical terms to the free international movement of goods, financial resources and technology. The USSR's initiative on international economic security was in line with that fundamental approach. His Government believed agreement should be reached on principles and specific measures which would make economic interdependence manageable and economic relations among States predictable, stable and reliable.

23. The Secretary-General was to be congratulated on his report on international economic security (E/1989/56), which reflected the opinions of a large group of eminent experts from different countries. Although the report was a useful contribution to the elaboration of a consensus, it regrettably contained virtually no recommendations on the kind of practical steps the United Nations might take.

24. The new international development strategy should promote multilateral co-operation in resolving the world's urgent economic and social problems. Its provisions should be aimed at strengthening the role of the United Nations in ensuring that the various instruments on multilateral co-operation were consistent and complemented one another, that they were in harmony with national and regional economic mechanisms, and that the macro-economic policies of States were co-ordinated at the world level.

25. The formulation of the new strategy was closely related to the Charter of Economic Rights and Duties of States,[2] the current relevance of which was confirmed by the fact that many of its provisions were to be found in recent United Nations consensus decisions. The USSR's position on the implementation of the Charter was to be found in the joint statement of the group of socialist countries (E/1989/126, annex).

26. The internationalization of approaches to the solution of the world's most urgent problems was becoming increasingly noticeable at the regional level. That was particularly true in Europe, where countries and groups of countries which were formerly divided were now cooperating. The successful outcome of the Vienna meeting of the Conference on Security and Co-operation in Europe had been a major landmark. The results of the meeting included decisions to hold a meeting in Sofia on the protection of the environment and a conference in Bonn on economic co-operation.

27. The successful implementation of those decisions would be instrumental in creating the economic and ecological foundations for a fundamentally new peaceful order in Europe, now generally called the "common European home". Once an attractive slogan reflecting the historical aspirations of the peoples of a Europe tired of confrontation and concerned about the future, the idea of a "common European home" was increasingly being transformed into a programme with specific substance. Mr. Gorbachev's visits to the Federal Republic of Germany and to France had been particularly noteworthy in that connection.

28. It was important that the seeds of positive progress sown in the European region should find fertile ground elsewhere, particularly in Asia and the Far East, where economic dynamism was creating the objective conditions for fruitful co-operation among all States of the region, including the USSR. Obviously, the integration processes now taking place in practically all continents should not lead to the formation of isolated "fortresses", turning the idea of manageable global interdependence into a "castle in the air".

29. In recent years the United Nations had played an increasingly effective part in the solution of many problems in which national, regional and bloc interests were closely interwoven. His delegation was confident that the Council's current session would make a real contribution to strengthening multilateral economic co-operation.

30. Mr. SCHLEGEL (Observer for the German Democratic Republic), after stressing the importance of the forthcoming special session of the General Assembly and the new international development strategy, noted that a turn for the better had taken place in the international political arena, particularly with regard to disarmament, the settlement of regional conflicts, and inter-State contacts. Unfortunately, international economic relations had not kept pace with political improvements. The essential problems of the external indebtedness of developing countries, underdevelopment, trade, raw materials and monetary and financial relations persisted. The net outflow of resources from developing to capitalist industrialized countries continued, but mutual recriminations would not help. All States should declare themselves jointly responsible for the prosperous development of the world economy and adjust their activities to that end, putting forward new ideas and showing flexibility, readiness to compromise, and a general willingness to participate in the search for solutions acceptable to all. Such a spirit of shared responsibility was reflected in the Final Act of the seventh session of the United Nations Conference on Trade and Development,[3] which embodied a balanced approach to the interests of all States and groups of States.

31. His Government considered that the strengthening of international economic security and the search for solutions to global issues should be tackled through business-like international co-operation in the 1990s. The growing internationalization of economic life and increasing economic interdependence necessitating com-

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[2] General Assembly resolution 3281 (XXIX), of 12 December 1974.

[3] *Proceedings of the United Nations Conference on Trade and Development, Seventh Session, vol. I, Report and Annexes* (United Nations publications, Sales No.E.88.II.D.1), part one, sect. A.

mon action underlined the importance of international intergovernmental organizations whose potential must be more fully utilized. The Secretary-General's report on international economic security (E/1989/56) showed that the socialist countries' initiative at the General Assembly's fortieth session had given considerable impetus to the joint search for ways to improve international economic relations. The periodic appraisal of development trends in the world economy envisaged in General Assembly resolution 43/194 of 20 December 1988 served to enhance predictability and calculability. An increased United Nations role in the early identification of world economic developments would serve the same useful purpose.

32. Discussions in the preparatory committees for the special session of the General Assembly and the new international development strategy had not been very encouraging. All parties involved must make a constructive contribution. The special session should set priorities for future work and seek to elicit a stronger commitment by States to international co-operation and the effective use of multilateral mechanisms. The priorities for the special session and the new strategy should be to promote the improvement of international economic relations as a whole, with particular reference to the concerns of the developing countries; to follow up United Nations recommendations on the solution of world economic problems and development which, although valid, were as yet unimplemented; to focus on the most pressing problems in international economic relations, including developing-country external debt, the normalization of trade, the intensification of scientific and technological co-operation, human resources development, the protection and conservation of the environment, and food supplies for the world's growing population; and to help to enhance dialogue, co-operation and multilateralism and strengthen United Nations activities in the economic and social fields. With those objectives in mind his delegation would participate actively in the work of both preparatory committees.

33. The external debt of the developing countries continued to grow. While solutions should take account of the circumstances of each case, general guidelines should be provided in order to find effective and lasting solutions to the debt problem as a whole. The guidelines should take a balanced view of the interests of debtor and creditor countries and of what was needed to ensure stable world economic development. General Assembly resolution 43/198 of 20 December 1988 contained an important principle that should underlie any international debt cancellation strategy.

34. Solution of the debt problem was dependent on the course of international trade relations. If trade was to stimulate growth in Asia, Africa and Latin America, action would be needed to abolish protectionist measures, improve market access and ensure stable commodity prices and fair terms of trade. The Uruguay Round would contribute to greater economic security if it promoted more predictability and stability in international trade and took account of the interests of all parties involved. Trade should be freed from all obstacles, including those affecting high-technology transfers.

35. Worsening ecological problems were a central element in the interdependency and security of States. In calling for greater ecological security, the socialist countries were thinking in terms of a harmonized system involving a wide range of measures and international norms to improve the quality of the environment for the benefit of stable development in all countries. Each State bore a share of responsibility for the implementation of development strategies compatible with environmental concerns. The recent accord on environmental matters between the German Democratic Republic, Poland and Czechoslovakia heeded those concerns. Intensive multilateral co-operation was equally indispensable. His Government therefore supported the convening of a United Nations conference on the environment and development at a high political level in 1992 and endorsed the other measures for closer world-wide co-operation in environmental protection set out in the UNEP Governing Council's decisions at its fifteenth session.

36. The Secretary-General's report on the subject of the development of human resources for economic and social progress (E/1989/60) showed that there was scope for increased co-ordination of the wide-ranging activities of the United Nations system. The mobilization of human resources should be seen in the context of efforts to resolve other fundamental social problems such as employment, shelter, education and health for all. His delegation, recalling Council resolution 1987/81 on human resources development, was prepared to submit a further draft resolution on that subject.

37. The development of human resources was also a major concern underlying his country's material assistance to developing countries, which, in 1988, had amounted to 0.64 per cent of its GNP, despite more difficult international trade conditions and the resultant strains on its economy. Details would be found in a communication to be circulated during the current session. It had been possible to provide such assistance because the country had experienced stable and dynamic socio-economic development in 1988 as a result of higher labour productivity. The country's growing economic potential was a solid foundation for increasing living standards and for providing social security, full employment, high educational standards and free medical services. The reliably functioning, efficient and flexible system of socialist management, planning and cost accounting enabled his country to achieve continued economic growth. A primary concern was to ensure that the benefits of the scientific and technological revolution were combined with social progress. Continuity and renewal remained the dominant principles in regard to the country's approach to international economic co-operation. Safeguarding peace and securing economic and social development were among the most crucial issues of the present time. Only honest co-operation to which everybody contributed his share and from which everybody derived benefit would make it possible to cope successfully with the challenges posed.

38. Mr. DASGUPTA (India) said that for most of the decade the debate on development had tended to focus on short-term recovery and adjustment. It had, however, become increasingly clear that a long-term perspective was imperative in order to take stock of the changes in the world economy and of the far-reaching scientific and technological transformations from the standpoint of growth and development. Improved international economic co-operation would be an essential feature of such a long-term outlook. The growing interdependence of national economies should enable countries to find ways and means for the management of such interdependence on a more democratic basis involving broad-based participation, ensuring greater predictability and mutual benefits. The cost of adjustment should be shared equitably between the developed and developing countries.

39. The international monetary and financial systems had not evolved sufficiently to keep pace with the rapid changes that had occurred. The monetary system had been made even more asymmetrical and volatile by the erosion of exchange rate stability and of monetary and fiscal discipline. Responsibility for the creation of international liquidity needed to be restored to international financial institutions through an early agreement on a fresh allocation of SDRs. Existing conditions had aggravated the difficulties experienced by developing countries in obtaining an adequate level of reserves in balance-of-payments financing.

40. The revitalization of the development process in developing countries required, above all, a substantial positive transfer of resources to them, particularly concessional resources. To that end, the resource base of international financial institutions required to be strengthened considerably so that the institutions could respond flexibly and adequately to the situations prevailing in different developing countries, extended multilateral lending being vital for the restoration of the development momentum.

41. The developing countries' external debt problem had reached crisis levels and demanded urgent remedial action. Solution of the debt crisis was not, however, enough in itself. Equally significant was the adoption of anticipatory measures such as increased concessional funding to prevent the crisis from spreading to other countries. Suitable mechanisms should be devised to mobilize the resources of surplus countries to meet the development finance needs of developing countries. In the search for more concessional resource flows to low-income countries, it was crucially important that the resource base of the ninth replenishment IDA should be expanded to a level significantly higher in real terms than that of the eighth replenishment.

42. The international trading system continued to witness an erosion of the accepted principles, rules and regulations and an increasing tendency to adopt arrangements outside GATT or contrary to its spirit. The ongoing multilateral trade negotiations should provide an opportunity to strengthen and preserve the multilateral trading system. Progress in areas of most direct concern to developing countries was essential but there had been pressures on developing countries for reciprocal concessions and the establishment of unwarranted linkages. The right of developing countries to manage their economies in accordance with their own objectives, to regulate the activities of transnational corporations and to channel investment into the desired sectors of their economies was being challenged by threats of retaliation, with serious implications for the autonomous and self-reliant development of the countries concerned. Threats of unilateral and arbitrary trade restrictions adversely affected the prospects of the Uruguay Round. Multilateralism could not thrive under them.

43. The collective management of global interdependence required a more equitable international economic structure with a more broadly based system of management that would reflect the interests of the international community at large. An integrated approach that addressed the interrelated areas of trade, money and finance, debt and development in a coherent fashion needed to be pursued. The initiative of the Group of 77 in calling for a special session of the General Assembly provided a significant opportunity to forge a new international consensus on development. The resumption of a meaningful dialogue on issues of poverty and development would in itself be an important step at the special session.

44. The Group of 77 had also taken the initiative in regard to the preparation of a new international development strategy. The strategy should agree on measures to improve the international economic environment and should be designed to reinforce the developing countries' national development objectives, priorities and strategies.

45. The environment had come to be recognized as a key area requiring enhanced international co-operation. Such co-operation should be based on the principle of equity and should help to rectify existing asymmetries in global patterns of production and consumption and to narrow the gap between the developed and the developing countries, thereby providing an added impetus to the latter's economic growth.

46. The United Nations had a very important role to play in the international community's endeavour to achieve more equitable and harmonious international economic relations. It must complement its achievements in the areas of disarmament, peace-making and international security by similarly successful action in the area of international economic co-operation and the development of the developing countries. His delegation looked forward to the achievement of meaningful progress at the Council's current session.

47. Mr. DADZIE (Secretary-General of the United Nations Conference on Trade and Development) said that the world economy was apparently doing well. The volume of world output and international trade had expanded particularly rapidly in 1988. However, these aggregates were misleading; while some areas continued to enjoy boom conditions, others remained in the grip of

depression and economic disorder. This double image of dynamism and stagnation could not be ascribed to differences in growth potential or in policies, nor was it self-correcting. Concerted international effort was needed to break the vicious circle of stagnation.

48. In the OECD countries, output had accelerated beyond expectations after a long-awaited surge in investment, stimulated by demand expansion and increasing exchange rate stability, following the October 1987 stock market crash. In contrast, inflation in the OECD countries had not exceeded forecasts, which suggested that current estimates of what constituted a sustainable growth rate might be too low. By and large, the pressure of aggregate demand had not been excessive. In most cases, the observed increases in inflation rates had been due more to exceptional factors.

49. Some commodity prices had risen as a result of faster growth. The impact had been damped by the slack in world commodity markets but had nevertheless contributed to halting the decline in domestic inflation rates. Although the cessation of downward pressure on commodity prices had been an equilibrating factor from a global standpoint, it had still been too weak to counteract the many other strains on developing countries.

50. Continued rapid growth in the OECD countries was not, however, assured. How far the pace of advance would slacken depended on whether investment levels were sustained and whether a further tightening of policies was avoided. It was important that the external position of the United States should continue to improve. Otherwise, the imbalance would sooner or later disrupt exchange markets and the international economy in general. The United States should move to cut the gap between home expenditure and output, but by concentrating on accelerating export growth rather than reducing imports. Demand growth should be moderated to the extent needed to avoid over-heating and the fiscal deficit curbed to the extent needed to reduce interest rates without depressing activity.

51. Policy co-ordination among the OECD countries needed to be strengthened. Active demand management would be required, not only in the United States but elsewhere, and interest rate differentials must be such as to yield a pattern of exchange rates conducive to a sustained correction of trade balances. Greater flexibility in fiscal policy would allow the burden to be lifted from monetary policy.

52. The newly industrialized economies of East Asia had again been the star performers in regard to growth. Provided they did not suffer domestic or external shocks, they were likely to maintain the rapid pace of capital accumulation, industrialization and technological advance from which their growth had sprung, and to continue to avoid financial constrictions. Only a few, however, would be able to continue to grow in the face of world recession and increased protectionism. For the most part, their economies remained dependent on international markets and had not acquired the flexibility that came with deep industrialization. The trade policies and overall performance of the major market economies were thus critically important to them. In some of the countries in question, domestic tranquility could be disturbed if popular aspirations regarding the distribution of income and power were frustrated.

53. Some poor countries in South Asia had also experienced more rapid growth than in the past. Dynamic impulses still remained fragile, however, especially in view of the long road those economies must travel to overcome poverty. External finance would continue to be important, as would the public sector's capacity to modernize itself to meet new challenges.

54. Unfortunately, in most developing countries, stagnation had become deeply entrenched. Most of the least developed economies suffered from very severe handicaps and deep structural problems. Per capita incomes had declined once again in Africa, Latin America and West Asia. The key factor in many cases had been the paucity of external resources, resulting either from poor trading conditions or from adverse financial developments, or both.

55. In 1988, Africa had suffered from continued weak prices for tropical products and a fall in export volumes. Thus, with earnings down and debt problems unabated, the underlying medium-term prospects for Africa were unpromising. The agreement on the debt arrived at at the Economic Summit meeting held at Toronto in June 1988 was a step in the right direction but its scope was too narrow and it would have to be significantly improved if it was to achieve its objectives. Recent experience in Africa suggested that, where sound domestic policies were combined with adequate external resource inflows, resumed growth was possible. It was also imperative in the interest of both consumer and producer countries to intensify the search for policy advances in regard to commodities aimed at a better functioning of commodity markets, stable and more predictable conditions in commodity trade, and steady progress towards diversification.

56. The economic performance of a large number of troubled debtor countries in Latin America and elsewhere had been held back by the cumulative impact of debt. Their massive net outflow of resources had depressed investment for several years in a row and also given rise to high inflation and unemployment, mounting public-sector debt, rapid monetary expansion, high real interest rates and unstable relative prices. Macroeconomic disorder and stagnation had reinforced each other, so that many countries were finding it almost impossible to control their internal finances and maintain external balance without intense inflation. As a result, flight capital remained abroad and social conflicts were reaching breaking point. Without very substantial improvement in the availability of resources, meaning a sizeable reduction in the debt burden, those countries faced continued stagnation and disorder, leading inevitably to a breakdown of domestic, social and political structures, or relations with external creditors, or both.

57. The new thinking on debt in official circles was therefore most welcome. However, both the scale of the problem and the need for involvement by creditor Governments must be fully appreciated. Debt relief would not bring a solution if, as envisaged by some, it was provided only in small amounts or only after a country had already achieved macro-economic stability. Unless debt reduction was of adequate size and available in good time and on reasonable conditions, the debtor countries would be unable to get either their prices or their policies right.

58. Growth had been slow in many of the socialist countries of eastern Europe for some years. The central planning systems introduced in the 1930s had been overtaken by developments, and the scope for autarkic industrialization by mobilizing labour reserves and raising savings ratios was exhausted. Increasing output and welfare would require those countries to raise productivity and improve quality. The challenge was, therefore, to base decision-making on economic disciplines and material incentives, to accelerate technical progress and to exploit more fully opportunities for international specialization. The implied transformation presented a formidable challenge. To be fully effective, the reforms needed to be wide-ranging but in practice they could be accomplished only in stages. Partial reform, however, tended to lead to open inflation. Moreover, decentralized decision-making required a variety of policy instruments not needed before. The momentum of the reform efforts under way depended on many factors. The difficulties of recent years might have spurred radical reform, but new difficulties might stand in the way of the reform process while a more hospitable external environment could accelerate it.

59. One broad conclusion was that, while the growth impulses in the world economy were not yet deeply rooted, the forces of stagnation were well entrenched. A frontal assault would be needed to root them out. Another conclusion was that, as developing countries increasingly recognized, national policies to foster sustainable growth should aim to improve the flexibility and responsiveness of their economies. However, experience had also amply demonstrated that domestic policies had little chance of succeeding without a supportive external environment and supportive international action.

60. There was no room for complacency and the entire international community—North and South, East and West—must work together. Only by broadening the scope of international economic co-operation and policy co-ordination would it be possible for all to share in and contribute to prosperity.

61. Mr. AL-TIKRITI (Iraq) said that the persistent crisis in the international economic order was the result of the deep-rooted structural disparity between the developed industrialized countries and the developing countries and the fact that the economic relations between them were based on inequitable economic, scientific and technological foundations. External indebtedness, together with difficulties in commodity trade, placed a heavy burden on the developing countries' capacities to pursue development policies. There was an urgent need for fundamental structural reform in international economic relations with a view to the establishment of a more just and equitable economic system conducive to lasting growth and development throughout the world and in the developing countries in particular.

62. He reaffirmed his delegation's commitment to the Declaration and Programme of Action regarding the establishment of a New International Economic Order,[4] as well as to the Charter of Economic Rights and Duties of States.[5]

63. The foreign indebtedness of the developing countries had dangerous repercussions in the political, economic and social fields and required a radical and comprehensive new approach in which the indebted developing countries and the creditor developed countries would participate, together with the international financial and banking institutions, on a basis of solidarity and joint responsibility, taking into account each State's right to establish its own economic policy and to allocate its resources between investment and consumption. All States had a sovereign and inalienable right to choose their own economic system freely without foreign intervention.

64. The developed countries had exploited the high oil prices of the 1980s to raise the price of their manufactured exports in a manner detrimental to the development process in the developing countries. However, the recent decline in world oil prices had not been accompanied by a corresponding fall in the price of the developed countries' industrial exports. At the same time, developing-country export earnings had been affected by the sharp fall in commodity prices leading to a deterioration in the terms of trade and consequent balance-of-payments difficulties and a reverse flow of resources from the developing countries. Instability and chaos still reigned in a number of basic commodity markets. The absence of any serious attempt to change that situation demanded intensified efforts in all the relevant international forums to achieve a proper balance between basic commodity prices and the prices of the industrialized countries' manufactures. His delegation reaffirmed the importance of producers' associations as a means of improving the negotiating position of the developing countries with a view to achieving just and satisfactory export prices and increasing their export earnings. It was also important to promote international co-operation in order to increase participation by the developing countries in the processing, marketing and distribution of commodities.

65. In regard to food and agriculture, there was a dangerous trend towards the reduction of production in some regions in order to draw down stocks and maintain high prices for food products. Such action was inhuman

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[4] Adopted by the General Assembly in its resolutions 3201 (S-VI) and 3202 (S-VI), of 1 May 1974.

[5] Adopted by the General Assembly in its resolution 3281 (XXIX), of 12 December 1974.

at a time when millions were dying of hunger. It was important to take measures to ensure continuing international support for food-deficit countries and to help them to achieve self-sufficiency in food production. In that connection, priority in international action should also be given to combating desertification in some African countries and other parts of the developing world where desertification had affected developmental endeavours. The right to food was a basic human right and should not be used as a means of exerting pressure on States.

66. The instability of the world economic situation had serious consequences for the developing countries. It aggravated their debt problems and intensified restrictions on their exports, causing a deterioration in the balance of trade and a decline in the flow of financial resources which in many cases had brought the development process to a halt. The dialogue between the developing and developed countries should be reactivated by an integrated approach covering negotiations in the fields of money, finance, foreign debt, trade and development. No single country or group of countries could solve the current international economic and social problems in isolation and attempts to find unilateral solutions would have negative consequences incompatible with the current consensus on the need to promote development. The effort to find lasting solutions for the interrelated problems of the world economy required joint action by developed and developing countries. The special session of the General Assembly to be held in April 1990 on international economic co-operation and, in particular, on the revitalization of economic growth and development in developing countries offered an important opportunity for constructive and serious dialogue leading to radical solutions for the current crisis and preparations for the next decade. Success would largely depend on developing-country efforts to prepare themselves well and on the solidarity and cohesion of all members of the Group of 77.

67. The sufferings of the Palestinian people under the Israeli occupation had currently reached a peak. The rapid deterioration in their living conditions resulting from the occupying authorities' policies and measures could no longer be ignored. The international community must take bold steps, in keeping with humanitarian values and the principles of the United Nations, to safeguard the right of the Palestinians to lead decent lives in a free, independent and sovereign State.

68. Mr. VACEK (Czechoslovakia) said that progress towards solving global economic problems required a substantial improvement of the climate in international economic relations, which lagged far behind recent advances in the political and military spheres. The results achieved in disarmament and in tackling regional conflicts clearly demonstrated that, given sufficient political resolve and goodwill, mutually acceptable solutions could be found to the most pressing problems. Without a similar approach in the economic field, lasting solutions to global economic problems could not reasonably be expected. Indeed, an increasing number of current problems went beyond the realm of economics and required a political approach.

69. The world economic situation was still far from satisfactory. Despite certain favourable occurrences, an unfavourable trend persisted, making it impossible to build a solid foundation for global economic security. Disequilibrium and instability were deeply entrenched, national economies had become more vulnerable to external economic factors, and virtually no headway had been made towards resolving global economic problems, including those relating to the deteriorating social and economic situation in the majority of developing countries. There had also been insufficient progress towards eliminating artificial measures that prevented the full development of international economic co-operation and participation on a footing of equality in the international division of labour.

70. The international community must translate its growing concern about the future of the world economy into concrete measures without delay. The growing interdependence of countries in the economic sphere virtually compelled the adoption of a new approach based on multilateral co-operation and taking into consideration the interests of all the parties to international economic relations. In that connection, his delegation attached considerable importance to the concept of disarmament for development, an issue which deserved the international community's serious consideration and which should be reflected in concrete programmes of action within the United Nations system. Czechoslovakia was studying the matter deeply and had already taken the first important steps in the transition from military to civilian production.

71. The development of a consensus on international economic co-operation, constituting an appropriate basis for joint action by the international community, would be expedited if proper use were made of the opportunities that had emerged as a result of the improved political climate and the first real steps towards disarmament. The Secretary-General's report on international economic security (E/1989/56), a concept which had already left its imprint on numerous United Nations documents, contained some positive ideas and the forthcoming discussion on the subject would no doubt be conducive to their implementation in practice.

72. New possibilities were resulting from the restructuring of national economic mechanisms in a number of socialist countries, including Czechoslovakia. Co-operation within CMEA was also undergoing significant change, creating conditions for broader participation by the socialist countries in the international division of labour. Czechoslovakia attached great importance to pan-European co-operation, which had been encouraged by the further development of the Helsinki process. The concluding document of the Vienna follow-up meeting had stressed the role of ECE, especially in regard to co-operation in economic affairs, science and technology and the environment. His delegation regarded ECE as a highly important United Nations body whose experience

and activities could help in solving social and economic problems, including those of the developing countries.

73. The first steps in the preparation of the new international development strategy, taken by CDP at its twenty-fifth session, had demonstrated the magnitude of the task ahead. The strategy should be so framed as to further international economic co-operation, permit development in areas where a consensus was beginning to emerge, and promote convergence of approaches to questions involving common interests. It should be comprehensive in scope and concrete. It should not confine itself to a statement of general principles.

74. Preparation of the strategy was closely linked with preparations for the special session of the General Assembly. The two processes should be complementary and mutually supportive. One of the essential tasks was to reach a consensus on a common approach to international economic co-operation. The 1990 special session of the General Assembly should formulate universally accepted lines of action and political recommendations, constituting a general framework for international economic co-operation and embodying agreement on concrete measures to enhance it. His delegation would continue to contribute actively to the preparatory work.

75. According to latest United Nations data, the net outflow of resources from the developing countries in 1988 had been $32.5 billion. The international debt problem gave grave cause for alarm and would prevent implementation of a new development strategy. Both individual and group approaches had so far proved ineffective, and it was essential to reach agreement on the general principles of a constructive common course of action based on the proportionate efforts of all parties. The external debt problem should not be solved at the expense of the debtors.

76. External economic assistance was an essential adjunct to endeavours by the developing countries themselves to solve their socio-economic problems. In 1988, Czechoslovakia had provided economic and humanitarian assistance totalling 1.06 per cent of the national income and intended to continue to render such assistance.

77. The intense international activity in environmental matters was a revolutionary factor in international relations. There was an expanding consensus on measures to solve major global and regional problems, holding out the prospect of international environmental co-operation becoming a positive influence in other spheres of international relations. He welcomed the lead given by the United Nations system and noted that the tangible results achieved had been confirmed at the fifteenth session of the UNEP Governing Council. Environment problems were so serious as to be comparable only to those discussed by the Security Council. His delegation would support the proposals to intensify action within the United Nations and hoped that the proposed United Nations conference on environment and development would lead to the adoption of concrete national and international measures. It was looking forward to taking an active part in preparations for the conference. He hoped that the proposal on international environment security by his delegation and that of the Ukrainian SSR would be pursued. Czechoslovakia had also shown its determination to grapple with environmental problems at the subregional level by inviting the heads of Government of neighbouring States to consider and agree on joint action. At talks in Prague in May, attended by governmental representatives, representatives of CMEA and of the Commission of the European Communities and the Executive Secretary of ECE, agreement had been reached on principles and areas for multilateral and bilateral co-operation.

78. Mr. NOGUEIRA BATISTA (Brazil) pointed out that in the 1980s the gap between the developing and developed nations had widened. Sustained expansion in the market economies of the industrialized world and moderate growth in the centrally planned economies had been accompanied by stagnation, even regression, in the developing countries. The number of LDCs had actually increased from 30 to 42. The turbulent 1980s had witnessed large and persistent imbalances among the major trading partners, extreme volatility in exchange rates, very high real interest rates, the demise of commodity agreements, drastic reductions in commodity prices, increased protectionism in the industrialized market economies, managed trade, the globalization of financial markets, and substantial net transfers of financial resources from developing to developed countries. Growth in the industrial market economies had been accompanied by persistent inflationary pressures, high rates of structural unemployment and severe fiscal imbalances. Their inflation had been brought under control largely at the cost of further unemployment and fiscal discipline, and by taking advantage of the very low level of commodity prices and an anomalous net transfer of resources from the developing nations. Economic expansion of the industrialized countries had not worked as an engine of growth for the world as a whole.

79. The 1980s had also witnessed a change in the relative positions of the major industrialized countries. The United States had lost first place as an exporter to the Federal Republic of Germany and the role of main financial centre to Japan, and had slipped from the position of main creditor to that of main debtor country. Growth had, however, slowed down considerably in Japan and in the Federal Republic, coinciding in the latter with a persistently high unemployment rate. Both countries had enjoyed substantial trade surpluses, contrasting with large trade deficits in the United States. The explanation was to be found in the very high rates of domestic savings and investment in Japan and the Federal Republic of Germany and the very low rates in the United States. In the USSR and China, economic reform and decentralization promised to lead to their eventual integration into the international trade and financial markets. Their reform efforts included a shift in priorities from defence to the civilian sector—a trend also evident in the United States—which underlay the reduction in political tensions between the military super-Powers and paved the way for a measure of disarmament that might

lead to liberation of substantial resources for more productive uses.

80. While a small, very highly export-oriented group of Asian countries had been able to attract foreign investment, surmount trade barriers in the United States and Europe and achieve remarkable rates of expansion, the developing countries as a whole, particularly those in Latin America, had seen their development aspirations blighted by a fall in commodity prices and a steep rise in interest rates, which had resulted in a crushing debt burden. Developing countries had become substantial net exporters of financial resources. Since 1983, the Latin American countries had exported more than $50 billion to the industrialized countries, a sort of Marshall Plan in reverse. Developing countries were being openly discriminated against in the trade, financial and technological fields. For example, their right under GATT to encourage "infant industries" was being challenged by the industrialized countries while the latter protected their own "sunset industries" in disregard of their GATT obligations. In the evaluation of private international banks' reserve requirements, loans guaranteed by the Governments of developing countries were treated less favourably than those guaranteed by developed countries. The same applied to the effect of the new targets for reserve requirements for private banks in the developed countries. Those decisions cast serious doubts on the effectiveness of recent initiatives by creditor nations to deal with the debt problem by market-based reduction of the debt stock. Developing countries were also victimized in relation to the transfer of technology, being frequently denied access to it in the name of security.

81. The developing countries' problems were largely attributable to a basic change in attitude in the leading industrialized countries, which had decided to give priority to national autonomy in their macro-economic policies rather than submit to the moderate discipline of international co-operation envisaged in the IMF Articles of Agreement. Increasing reliance on the dollar as the reserve currency had resulted in the level of international reserves being determined by the United States balance-of-payments performance. With the demise of the fixed exchange-rate parity system—the cornerstone of IMF—and the growing erosion of the most-favoured-nation clause, on which GATT was principally based, the world economy had entered into a state of continuous turbulence and insecurity, which was responsible for many of the negative trends of the 1980s. By a perverse mix of very lax fiscal policy and extremely tight monetary policy the United States had generated a dramatic surge in interest rates which was a major cause of the rapid increase of indebtedness in the developing countries. Other international factors had worked in the same direction. Technology, for instance, had reduced the share of raw materials in industrial production and worsened the terms of trade of countries exporting them. Industrial production had also become less labour- and more capital-intensive, with a consequent erosion of the traditional competitive advantages of developing countries in raw material and labour.

82. The multilateral economic system—not only the institutions belonging to the United Nations system but also the Bretton Woods institutions—was in fact a shambles. The prevailing net trend was towards regional blocs and even bilateralism, as witness the recently concluded United States-Canada Free Trade Agreement. Global economic questions were being discussed in the context of a very select group of very industrialized market economies, OECD for more general issues and the Group of Seven, or even of Five, for more serious monetary problems. IMF and the World Bank had managed to survive but had been restricted to playing a mere North-South role as overseers of the domestic policies of developing countries in need of the Fund's and the Bank's financial assistance. The United Nations system itself had been given a very definite North-South orientation, but merely with a debating role and without any negotiating substance. UNCTAD's role had been weakened, as was evidenced by the voiding of the GSP. The breakdown of the Cocoa and Sugar Agreements, and the threat to the Coffee Agreement, indicated the futility of efforts to implement UNCTAD's programme at a time when preparations were being made to put the Common Fund for Commodity Agreements into force. GATT seemed to be following a similar path to the Fund and the Bank. It was being increasingly used by the major trading partners as a forum in which to impose multilateral rules on the developing nations which further restricted their ability to compete in and with the industrialized market countries, to attract foreign direct investment and to gain access to technology. They were being forced to adopt free-trade policies which no developed country actually practised. The developing countries were being told to follow a very orthodox path, to balance their budgets, at whatever cost, to open up their economies to imports, to reduce the size of their public sector and to deregulate, to control demographic growth and, more recently, to put the preservation of the environment above all other considerations. The developed world seemed, indeed, to fail to grasp that its own production and consumption patterns constituted the main threat to the environment. Such supposedly technical advice was in fact tantamount to requesting developing countries to adopt certain measures as a condition of access to natural resources and, in extreme cases, as a means of avoiding bilateral trade sanctions.

83. The energetic measures being taken by the developing countries to put their own houses in order were impeded by the unfavourable world economic environment, in which the action recommended by developed countries was not that taken by themselves in the past in order to grow, or that currently pursued by them in order to continue growing. Such contradictions were clearly evident in the role of the public sector in development. Far from being guided in their past or current actions by the *laissez-faire* philosophy to which they insisted the developing countries should adhere, the industrialized countries had in fact a long tradition of intervention by the State, as was acknowledged by the World Bank in its 1988 report. The public-sector share in those countries

had grown in parallel with their economic expansion, and could be clearly seen, for instance, in the protection that the major industrialized nations openly extended to their "sunset industries", both by import restrictions and by the subsidization of "industrial adjustment". Those contradictions were also evident in the Uruguay Round, for example in the proposals relating to new areas of trade-related investment measures, trade-related intellectual property rights and trade in services. With respect to trade in goods, for example, foreign direct investment was to be considered as an alternative to trade, but with respect to trade in services the developing countries were being asked to acknowledge a right of establishment for the foreign provider. Foreign direct investment was being represented as an indispensable complement rather than as an undesirable alternative to trade.

84. The protection of intellectual property rights afforded by the WIPO-administered Paris and Bern Convention was no longer considered sufficient, and proposals by the industrialized countries in the Uruguay Round seemed to be aiming at providing patent holders with a monopolistic control of technology not accompanied by any obligation to exploit their patents in the patent-granting country or to license local companies to do so, a course hardly consistent with the Round's proclaimed liberalization objectives. The general effect of the various proposals mentioned would favour trade above capital movements and technology transfers, an approach very much in line with classical free-trade tenets based on the assumption of the international immobility of production factors. The proposals were not, however, being envisaged as formal amendments to the General Agreement, which would require approval and ratification by two thirds of the contracting parties. Instead, the new rules were being incorporated in codes that could enter into force by the mere adherence of a few parties yet could be seen as parts of a loosely defined GATT system and be invoked as international rules. Such a trend would probably damage the integrity of GATT by further undermining the basic principle of multilateral trade—non-discrimination. It was ironical that the purposes of the Uruguay Round were being frustrated by its main initiator, the United States, whose frequent unilateral actions under the 301 sections of its Trade Bill patently violated not only United States obligations under GATT but also its specific commitment to standstill assumed in Punta del Este at the launching of the Round.

85. There was an obvious need for a fresh and integrated consideration of all those issues in a global perspective. Could the world enter the forthcoming decade without a truly global and universal concept of international economic relations? Was it possible to continue to drift without a coherent system of multilateral rules? Was it acceptable to continue to apply the remnants of the post-Second World War arrangements to the developing countries alone, and that in a haphazard, selective and discriminatory way? Should the incorporation of China and the Soviet Union into the international economic framework be left to bilateral or *ad hoc* arrangements? As a minimum, a comprehensive assessment of the major changes of the past 50 years was called for. Such a vast enterprise would require strong leadership, which in the present-day world must of necessity be assumed by a group of nations representative of all forms of economic organization and of different levels of economic development. The exploratory work would have to begin very early in the coming decade and, given the representative membership of the Council, its meetings might provide the occasion for a preliminary and very informal exchange of views on the advisability and feasibility of taking steps on the lines indicated.

The meeting rose at 12.50 p.m.

21st meeting

Friday, 7 July 1989, at 3.15 p.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.21

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. DERISBOURG (Commission of the European Communities) said that he wished to inform members of the Council of internal developments within the EEC and of their impact on international relations, particularly with the developing countries.

2. After its membership had increased from 10 to 12 States in 1986, the EEC had decided, in the Single Act which had come into force on 1 July 1987, to move ahead along the road to economic integration. It had set itself the target of achieving, before the end of 1992, complete freedom of movement of persons, goods, ser-

vices and capital among its member States. The Community authorities had already drawn up over 50 per cent of the legislation required for virtually complete economic integration, and the movement towards integration had been recognized in economic circles as irreversible. The additional internal growth which would result from it should bring about an expansion of its foreign trade and should also lead to the creation of new jobs.

3. The EEC was making a huge effort, spread over five years, which should lead to an adjustment of its structures and to a further diversification of both exports and imports. Rumours concerning a revival of protectionism, and even the constitution of a Fortress Europe, had been in circulation for a long time. However, the Community's recent foreign trade figures and the continuous growth of imports showed that such rumours were quite unfounded. The Community was, and would remain, fundamentally in favour of free international trade, which alone would enable European workers to benefit from the value added by their work. The single market would lead to increased dynamism within the Community, which, in turn, would fuel a further growth of foreign trade and imports. The Community was committed to the overall success of the Uruguay Round of multilateral trade negotiations within GATT.

4. The Community was continuing to develop international instruments and agreements for co-operation with a large number of developing countries, including the great majority of the poorest countries. The Community and its 12 member States had begun negotiating, with their 68 partners in Africa, the Caribbean and the Pacific, a convention similar to the present third ACP-EEC Convention of Lomé, which would remain in force until 1990. The Community also maintained, and was continuing to improve, co-operative arrangements with many other developing countries, particularly those around the Mediterranean Sea. Each co-operative agreement comprised various elements, including trade, co-operation and finance. The Community was also encouraging regional agreements. Thus, after having established close and fruitful relations with the six ASEAN countries, it had just signed an agreement with the countries of the Persian Gulf. It was also encouraging the efforts currently being made to integrate the Maghreb countries and had many co-operation agreements with the countries of the Indian sub-continent, the countries of Central America and several countries in Latin America, particularly the Andean Group. All of those agreements, although they were specific and adapted to each country, contained a trade section, a co-operation and technical assistance section and, quite often, a section providing for the transfer of financial resources or specific loans.

5. To complete the survey, he drew attention to the agreements concluded in negotiations with European countries which were not members of the Community. Since 1973, the countries members of EFTA had maintained and developed close co-operation with the Community and often associated themselves with the harmonization measures taken by the Twelve. Following the Joint Declaration made on 22 June 1988 by CMEA and the Community, many agreements had been signed, particularly with Hungary and Czechoslovakia. Negotiations were under way with Poland and Bulgaria and talks were also to be initiated shortly with the USSR.

6. The Community believed in multilateralism and in co-operation among all countries. It had faith in regionalism, which it did not consider to be in conflict with the multilateralism of the United Nations and GATT. On the contrary, regional integration contributed effectively to the development of international trade and thereby reinforced co-operation within the international organizations.

7. Mr. van SCHAIK (Netherlands) said that his delegation endorsed the analysis which the representative of France, on behalf of the European Economic Community and its member States, had given of the structural imbalances in the world economy (18th meeting). The question arose as to why, after 30 years of international co-operation, many developing countries had not succeeded in making the economic breakthrough that had been hoped for. Perhaps the international community had not taken sufficient account of the interaction of the social, economic and environmental factors in development. The 1990s would have to be devoted to a campaign against poverty, malnutrition and underdevelopment.

8. His delegation attached great importance to the General Assembly's special session of 1990, which was to be devoted in particular to the revival of economic growth in developing countries. The special session should prepare the way for international economic co-operation in the years to come and should draw up, for that purpose, a concise document formulating realistic general guidelines and principles. In order to do so, it would have to focus on three major priorities: first, the creation of favourable external conditions for development, including the establishment of a stable monetary and financial environment; second, the creation of favourable internal conditions for development through economic reform, responsible population policies, a proper management of natural resources and an adequate environmental policy; third, the special session should stress the social and humanitarian dimension of economic reform.

9. While recognizing the growing interdependence in the world economy, the special session should be conscious of the increasing differentiation among developing countries. The document to be drawn up should therefore stress the need to take due account of the regional dimension. Furthermore, it would no longer be possible to develop a single international development strategy applicable to all situations for a fixed period of 10 years. The next strategy would have to be flexible so as to be adaptable to changing circumstances and to take account of the different needs and situations in individual countries and regions.

10. The United Nations system had to be further improved to make it more responsive to the present needs of the developing countries and more effective in dealing

with economic problems. The revitalization of the Council must be envisaged in the broader context of the reform of the economic and social sectors of the United Nations. The relationship between the Second and Third Committees of the General Assembly, the Council and UNCTAD must be re-examined and a better division of work among them must be ensured.

11. The Third (Programme and Co-ordination) Committee would shortly be reviewing operational activities for development as part of the process of making the United Nations system more effective and coherent in that field and better equipped to contribute to the economic and social advancement of the developing countries. The Netherlands delegation noted with satisfaction that substantial progress had been made in the area of operational activities and that all those concerned with them were increasingly aware of the fact that the system as a whole was in need of further improvement. Finally, it seemed essential that, within the system as a whole, practical, workable and flexible measures should be adopted at the national level, taking into account countries' different needs and the fact that the ultimate responsibility lay with the recipient governments themselves.

12. The Netherlands, like most industrialized and developing countries, attached increasing importance to environmental issues. Governments had recently realized that, if lasting economic growth was to be achieved, the environment had to be preserved. The Declaration of The Hague (E/1989/120, annex) enunciated a number of fundamental principles of an effective approach to the question of climate change and called for a framework convention on that subject. The Declaration, to which his delegation attached great importance, also recognized the need for provision of equitable assistance to developing countries to compensate for the burden that protection of the atmosphere might lay on them. In that connection, the Netherlands Minister for the Environment had decided to organize, in November 1989, a ministerial conference on global warming and climate change.

13. Mr. KOSIN (Yugoslavia) said that the world was currently experiencing profound upheavals which gave hope of a better future. However, countries must join forces to ensure that the future was better for all. In that connection he supported the statement made by the Observer for Malaysia on behalf of the members of the Group of 77 (18th meeting).

14. While the international political climate had clearly improved, much remained to be done to ensure economic development and a better standard of living in all countries, particularly the developing countries. Although the developed countries had succeeded in maintaining a relatively stable growth rate, the developing countries had hardly benefited from it. The external imbalances among the major developed countries and the deterioration of the international economic environment were obstructing their efforts to make the necessary structural reforms. The rise of protectionism in the developed countries, high interest rates, exchange rate fluctuations and unfavourable terms of trade were factors impeding their development. The debt problem was, however, the major obstacle to their development. Their indebtedness had steadily increased and now exceeded $1,300 billion, despite the decrease in the flow of resources to the developing countries, with the result that there was a net transfer of resources from the developing to the developed countries. That transfer, which in 1988 had amounted to over $33 billion, was contrary to economic logic and could not be tolerated any longer.

15. The solution of the debt problem required the participation of all concerned: debtor and creditor countries, commercial banks and international financial institutions. In an effort to carry out their commitments, the debtor countries had undertaken, often at a very high social cost, to reform their domestic economic structures. It therefore now devolved upon the developed countries to fulfil their obligations, particularly with regard to the development of better international economic relations. It was gratifying to note that the Economic Summit Meeting held at Toronto in June 1988 had begun to tackle the debt problem of the low-income countries. Nevertheless, the results were disappointing, particularly as far as the African countries were concerned. There was still no joint strategy for reducing the debt of the middle-income countries. The acuteness of the problem called for the early adoption of measures to achieve a substantial reduction of the developing countries' debt and debt-servicing burden and it was to be hoped that the Paris summit meeting would give high priority to that issue.

16. The external debt problem could not be treated in isolation: international trade was also disrupted, just as seriously, by an increasingly pronounced protectionism, by the tendency of countries to take decisions unilaterally, by recourse to bilateral agreements and by the proliferation of non-tariff barriers. The commitments on standstill and roll-back entered into at Punta del Este were as little respected as ever. It had therefore been encouraging to hear the developed countries affirm, on the occasion of the Ministerial Meeting of OECD held on 31 May and 1 June 1989, their readiness to halt and reverse protectionist tendencies; it was also to be hoped that the Uruguay Round of multilateral trade negotiations would finally promote the liberalization and expansion of international trade for the benefit of the developing countries. The latter continued to suffer, in particular, from the persistent weakness in commodity prices; the long awaited entry into operation of the Common Fund should make it possible to begin to redress that situation.

17. However, economic co-operation and co-ordination, if they were to cope with the problems of growth and development and with structural imbalances in particular, called above all for the broadest possible dialogue between developed and developing countries. Structural adjustment must not be imposed on developing countries alone. The General Assembly's special session of 1990 devoted to international economic co-operation, in particular to the revitalization of economic growth and development in the developing countries, should provide a forum in which all countries could

make themselves heard. The results of the first session of the Preparatory Committee of the Whole showed that the dilemmas regarding the character and outcome of the special session had not yet been resolved. Yugoslavia's main concern was that the special session should give fresh impetus to the formulation of the international development strategy for the fourth United Nations development decade, in which the interests of all countries should be respected.

18. The environment was another issue calling for concerted action on a world-wide scale. However, Yugoslavia had no doubt that the developed countries must bear the greater part of the burden, since they were primarily responsible for pollution and they also had the technical and financial resources needed to control it. The developing countries were anxious to participate in the endeavour but they could do so only if the developed countries provided them with the necessary means.

19. Other equally serious problems such as desertification, the transport of dangerous goods and human settlements also called for equally urgent concerted solutions. Consequently, the Council and the General Assembly should, in 1989, accord special attention to the planning and organization of United Nations operational activities for development. Such a task went hand-in-hand with the need to follow up closely resolution 1988/77 on the revitalization of the Council, adopted by the Council at its second regular session of 1988.

20. A resumption of the international dialogue was the only way to ensure sustained growth of the world economy. At its Special Ministerial Meeting held in Caracas from 21 to 23 June 1989, the Group of 77 had undertaken to promote such a dialogue in an effort to forge a consensus on growth and development which would bring together the developing and developed countries. The summit conference of the non-aligned countries to be held in Belgrade in September 1989 would certainly contribute to the preparation of the non-aligned and other developing countries for negotiations with the developed countries on priority problems to be resolved within the framework of international economic co-operation.

21. Mr. SUJKA (Poland) noted that the Council's 1989 discussion on international economic and social policy was taking place in a particularly favourable climate characterized by a genuine détente in East-West relations and a marked revival of mutual confidence. The initial measures taken to achieve real disarmament and the progress made in solving certain regional conflicts had been decisive factors in that regard. In many countries, including Poland, deep political and economic reforms should lead to genuine democratization.

22. Unfortunately, the new political thinking behind the new climate was not yet matched—as it should be—by a new economic thinking on an international scale. The time had come to develop awareness of the fact that development was indivisible: in the long term, there would be no sustained growth of the world economy unless all its components benefited from overall growth. There was a need for common approaches in the search for solutions to major international problems so that international co-operation might be strengthened and, starting from economic détente, the goal of international economic security might be attained.

23. The main focus of the *World Economic Survey 1989* (E/1989/45) was the triad of adjustment, debt and development. The document showed that in 1988 there had been considerable imbalances in growth between one region or subregion and another and that per capita GNP was falling in many countries of Africa and Latin America. Many highly indebted countries which had succeeded in increasing their exports as world demand for manufactures and industrial raw materials had finally expanded had found that their new export earnings were entirely absorbed by an increase in their debt-servicing burden due to the rise in interest rates. The *Survey* seemed to warn against the danger, both for creditor and debtor countries, of postponing the search for solutions to the debt crisis and of wanting to contain, for a long time to come, the social disturbances which adjustment "fatigue" might cause.

24. As the Secretary-General had rightly stated (17th meeting), the debt problem had to be placed in the broad perspective of world economic growth and development. Only by adopting a formula associating external debt reduction and internal adjustment would it be possible to attenuate the severity of the sacrifices demanded of the populations of the debtor countries and to enhance the latter's export capacity. To prevent those countries from participating in world trade could only weaken the growth of the industrialized countries, which also relied on exports, and would be contrary to global economic logic. The need to devise a debt-relief and debt-reduction package had now become imperative if indebtedness was not to nullify the efforts made to achieve growth and adjustment. Many countries experiencing a protracted debt crisis, including Poland, were the focus of world-wide attention, and the time had come to draw practical conclusions. The first plans for debt relief and debt reduction were available; they had to be implemented.

25. What should the United Nations do? The special session of the General Assembly in 1990 and a new international development strategy would provide an opportunity to elaborate concepts, based on the principle of international solidarity for development, for the attainment of two major objectives: ensuring a revival of growth in economies which had stagnated or regressed in the 1980s, and putting the world economy on a more stable footing of sustained development by tackling, in a concerted manner, the enormous problems of poverty, development and environmental protection. The Council, which was responsible for co-ordinating economic and social policies on a world-wide scale, should propose a package of measures based on such an integrated approach to development and recognition that domestic economic management and external support for development were necessarily complementary. The regional economic commissions should be requested to perform specific tasks. Many prosperous countries belonged to the

area covered by ECE, which could take the lead among the Council's organs in seeking solutions to the present economic problems.

26. Several years previously Poland had decided to embark on a demanding adjustment process and, despite the social constraints which that involved, the Government had decided, in June 1989, to proceed with a radical acceleration of the reform. The economic consolidation programme for 1989-1992, adopted with the assistance of IMF and World Bank experts, was designed to restore the internal balance of the country's economy and current account, to expand exports, and to reduce the budget deficit and State subsidies. Recently, in order to check galloping inflation, the Polish Government had frozen prices, wages and subsidies. The success of the stabilization programme depended primarily on the efforts of the Poles themselves, but also on the assistance received from IMF and the World Bank, the constructive attitude of the Paris Club, the restoration of guaranteed credits for Polish imports and foreign investment, as well as on the granting to Poland of favourable terms for servicing the debt which it had contracted with commercial banks, in accordance with the guidelines of the Brady and Mitterrand plans.

27. The major difficulty was to prevent the adjustment-induced social "fatigue" from hampering the implementation of the programme. There was fortunately no major difference of opinion between the Polish Government and the opposition regarding the importance of the current democratization programme. The relevant agreements concluded in Poland stipulated that, since debt servicing had become an obstacle to development, Poland relied on the understanding and material support of its foreign partners to ensure that the transformations that were taking place in all fields of public life were successfully concluded. On page 155, the *Survey* rightly indicated that

> "Like many developing countries that have lost access to international credit, Poland has been making a net transfer of financial resources to the market economies . . . Without new capital inflows, this would be a heavy drain on financial resources . . . A package of debt restructuring and new loans has been under discussion in the international creditor community, . . . in support of economic adjustment and decentralization".

It was very much to be hoped that at their next summit meeting in Paris the major industrialized countries would finally be able to devise such a new formula for rescheduling the Polish debt, enabling the country to increase its debt-servicing capacity in conditions of growth.

28. Mr. FORTIER (Canada) observed that, on the eve of the bicentenary of a revolution which had significantly helped to reshape the world, the ideals of that revolution—liberty, equality and fraternity—had still been only partly realized. Important political events over the past months, particularly in the socialist countries, showed that all peoples had a deep desire to enjoy human rights and fundamental freedoms in full at all levels. Consequently, Canada had been dismayed to note that in June 1989 the Government of China had abusively resorted to force against the country's civilian population and was engaged in a massive repression of dissidents who had merely availed themselves of their fundamental rights. Economic reforms alone could not satisfy the craving for freedom and would not work unless that craving was met. His delegation again called upon the Chinese authorities to abide by internationally accepted human rights standards.

29. He drew attention to the fact that one of the main objectives of the United Nations was to promote social progress and better standards of life in larger freedom. There was still a long way to go in that direction, but it was fitting continually to renew the commitment to work together, peacefully and constructively, to attain the important goal of improving the quality of life for everyone on the planet.

30. In 1988, the growth of the world economy had been surprisingly robust, but the overall positive result was mainly explained by the strong performance of the world's largest market economies. Many disturbances due to current-account disequilibria, debt servicing, trade deficits and exchange rate fluctuations continued to have a negative impact on the performance of many other countries. In pondering that dilemma, it was important to realize that external imbalances in both developed and developing countries were often caused by internal imbalances and that, although the solution of such problems called for a collective effort, each country must also undertake to put its own affairs in order. Canada, for its part, had come to the conclusion that an excessive budget deficit was hampering prospects for economic growth, and the Government had undertaken to diminish its indebtedness. Many developing countries were doing the same, in an encouraging trend. However, that trend had to be supported by energetic action by the international community building upon the positive results of internal structural reforms. Multilateral co-operation for that purpose must be reinforced by more effective and constructive use of the system of consultation on economic issues that was now in place.

31. In June 1988, the seven major industrialized countries, meeting in Toronto, had adopted a number of adjustment measures for trade, exchange rates and monetary and fiscal policy with a view to promoting non-inflationary growth, and some progress had been made in that respect. As far as external indebtedness was concerned, the Brady Plan, which stressed the need for a voluntary reduction of the level of indebtedness on a case-by-case basis, should help to alleviate the debt burden. However, the debtor countries must also endeavour to attract direct foreign investment and to bring back flight capital. For the poorest countries, the terms of ODA had been made more flexible and official debt repayments had been rescheduled. Also, IMF had recently established an enhanced structural adjustment facility and had increased the flexibility of its compensatory financing facility. In addition, there was now a consen-

sus on the need for a substantial increase in the capital of the World Bank.

32. The development of all countries also depended on export-based growth, and the Uruguay Round of multilateral trade negotiations was providing a singular opportunity to reach substantive agreements to counteract protectionism. The liberalization of trade resulting from the negotiations should have positive repercussions for all countries. It should be reflected in long-term benefits, particularly for the developing countries, and Canada, for its part, would work to strengthen GATT. Canada also supported the ongoing dialogue in UNCTAD; mechanisms such as the Common Fund would certainly attenuate the negative effects of market and exchange rate fluctations on commodities, on which many developing countries were largely dependent.

33. Within the United Nations, the special session of the General Assembly in 1990 would provide a first occasion to give concrete expression to the new spirit of co-operation; the results of the first meeting of the *Ad Hoc* Committee of the Whole for the Preparation of the International Development Strategy gave grounds for optimism that the common thinking would have a positive outcome. Furthermore, the triennial review of operational activities for development provided Member States with an opportunity to examine together appropriate ways of funding and co-ordinating operational activities so that they could effectively support the development objectives of third-world countries in the 1990s. The Second United Nations Conference on the Least Developed Countries, also to be held in 1990, would provide an occasion for constructive dialogue on international co-operation. The meeting of the Group of 77 in Caracas from 21 to 23 June 1989 had drawn attention to the paradoxical phenomenon, already mentioned by several members of the Council, of the reverse transfer of resources from developing to developed countries. That was a major new obstacle to the growth of the developing countries, and Canada intended to participate actively in the search for a consensus on ways of remedying the damage caused by that phenomenon.

34. In Caracas, the Group of 77 had also highlighted the link between poverty and environmental degradation. Canada fully shared the view that environmental protection must form an integral part of the development process and could not be considered in isolation. The concept of sustainable development, moreover, required that the capacity of future generations to meet their needs must not be compromised. The General Assembly, at its forty-fourth session, would be considering the question of convening a United Nations conference on environment and development in 1992. At its fifteenth session, the Governing Council of UNEP had identified a number of priority areas for consideration at the conference. There was no shortage of problems: they included climate change, transboundary pollution, toxic chemicals, hazardous wastes, deforestation, the disappearance of biological species and the degradation of water and soil. All countries should participate, through their environmental specialists and economists, in the formulation of specific plans of action adapted to each region which would finally put an end to the physical damage continuously being inflicted on the environment without regard for political or economic frontiers.

35. The Council was uniquely placed to ensure that the activities of the United Nations system were in harmony with the action taken by other institutions concerned with economic and social development. It could also play an important role in helping countries to carry out the necessary adjustment measures. In order to do so, however, the Council must continue to improve the quality and quantity of the work done by its subsidiary organs.

36. Mr. KETTE (Observer for the Central African Republic) said that the satisfaction he felt in addressing the Council was all the greater because he was convinced—as everyone now was—that the problems of underdevelopment were a challenge to the whole of mankind and therefore called for action by the entire international community.

37. For more than five years Africa and the international community had been reflecting on the causes of the extremely serious crisis being experienced by the African countries and had been stressing the need for concerted action to revive the region's economy. In its resolution S-13/2 of 1 June 1986, the General Assembly had adopted the United Nations Programme of Action for African Economic Recovery and Development 1986-1990. One of the main aspects of the concerted action taken to help Africa had been the implementation and financing of adjustment measures. An *a posteriori* evaluation of adjustment had been undertaken by UNICEF, the World Bank and ECA. ECA had examined the negative effects of the adjustment process on Africa's economic and social fabric and in its resolution 676 (XXIV) of 7 April 1989 had established the African Alternative Framework for Structural Adjustment Programmes for Socio-economic Recovery and Transformation. The Central African Republic had participated in ECA's work in that field and was following closely all the studies of the advantages and drawbacks of adjustment, in the belief that they would produce new and useful ideas for the design of future programmes.

38. In 1981, his Government, faced with a disastrous economic and financial situation, had initiated its first adjustment programmes, which had been based on financial stabilization, the reconstruction of infrastructures, the development of agriculture and restoration of the market economy. The results achieved were difficult to assess because, although the returns from the policy had seemed rather positive in 1986, since 1987 the trend had been reversed. For two years, in fact, economic growth had been nil or negative, per capita income had been falling rapidly and the major social indicators had been worsening. Three factors had probably played an important role in the recession: the collapse since 1986 of world prices for the country's agricultural exports, the stagnation of net flows of external financial resources since 1987, and the depressive effects of a slow reduc-

tion in public expenditure since 1983. There was a danger that, unless that trend was reversed, the whole issue of adjustment would be re-opened by the country's politicians. That was not the wish of the Government, which still believed in the virtues of adjustment provided that it was adapted to circumstances on the basis of a periodic review of the results obtained and the problems encountered.

39. The Central African authorities had therefore decided to carry out such a review, on the basis of which recommendations would be made for the orientation of future programmes, bearing in mind the basic aspirations of the population. Without wishing to prejudge the outcome of the review, he proposed to indicate some of the guiding principles on which future reforms should be based.

40. The first principle was continuity, meaning that it would be necessary to pursue, and to bring to a successful conclusion, the efforts already made to stabilize the financial situation, to restructure the public and semipublic sectors, to develop the rural areas, to stimulate the market economy and to promote small-scale enterprises. The second principle was realism, since the main defects of the current programmes were the administrative complexity of the measures taken and the setting of overdemanding deadlines. The third principle was progressiveness, since, in African economies which lacked the diversity and mobility of modern economies, the most radical reforms were not the most effective ones. That was why, for example, the Central African Republic could not take the risk of abolishing many public-sector jobs over a two-year period, at a time when the prospects for job creation in the private sector were still mediocre.

41. The fourth principle was that programmes should be growth-oriented. The Central African Republic believed that the initial concept of the special programme for the most heavily indebted among the poor countries—namely mobilization of the necessary resources to make adjustment compatible with a steady increase in import capacities—was still basically sound and should be strictly applied. In the short term a country such as the Central African Republic, whose export markets were collapsing, needed external resources to sustain its economic activity. It was essential, however, that the targets set in stabilization agreements should not, by requiring that the deficits in the external current account and in the consolidated public finance account be continuously reduced, prevent it from having recourse to such resources. All his country's partners should recognize that a country's development necessarily involved an increasing deficit in its external current account during a more or less lengthy transitional period.

42. The fifth principle was consideration of the human and social dimension of adjustment. In the matter of the abolition of posts in the public sector, for example, his country's experience showed that voluntary departures were more effective and fairer than dismissals. Furthermore, in view of the extent of the social problems involved, it was essential that adjustment policies should spare basic social services. It was also necessary that future programmes should be systematically geared to development of the country's human resources. The sixth principle was consideration of the institutional dimension: programmes must both be in keeping with national institutional capacities and at the same time reinforce those capacities. The aim was not only to train skilled manpower, but also to establish structures which encouraged such manpower to assume its responsibilities fully and enabled it to participate in the formulation and implementation of adjustment and development policies.

43. The seventh principle was consideration of the ecological dimension. His country was experiencing certain environmental problems that required the adoption of a rural development policy based on a system of farming that was both economically productive and ecologically balanced. The eighth principle was consideration of the regional dimension, since the time had come for adjustment programmes to be geared to the strengthening of regional co-operation, the expansion of trade between neighbouring African countries and the consolidation of existing regional institutions.

44. Since the eight principles he had mentioned were already included in the programmes of the development institutions, he believed that the basis for concerted action by Africa and the international community already existed and that the international community would therefore support the efforts being made by the African countries to reorient their adjustment programmes. Nevertheless, the fact that the success of those programmes depended on their flexibility and on the pragmatism with which they were implemented could not be overemphasized. It would therefore be necessary to adapt the solutions chosen to local conditions and to adjust them constantly in the light of the problems encountered in their implementation, without compromising the long-term objectives of growth and equity.

45. Mr. TRANT (Executive Director, World Food Council) said that the fifteenth ministerial session of WFC, held at Cairo in May 1989, had been an important step forward in the global effort to combat hunger. He was particularly heartened by the fact that the participants had unanimously agreed that the time had come for each country to review its own policies and programmes to provide food security for all and to devise a package of measures to address inadequacies. He was confident that the review of the action being taken would lead to further substantial efforts in the global fight against hunger.

46. Summarizing the main conclusions and recommendations in the Cairo Declaration,[1] which had been adopted by consensus, he drew attention, first of all, to the points in paragraphs 2 and 3 of the Declaration, namely that hunger was a problem that could be solved through a greater effort and the implementation of political decisions benefiting the developing countries. In that

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[1] See *Official Records of the General Assembly, Forty-fourth Session, Supplement No. 19* (A/44/19), part one.

connection, he pointed out that the participants in the fifteenth ministerial session had recommended a strengthening of the political commitment to lighten the debt burden and to reduce protectionism. The conclusions in paragraphs 4, 5 and 6 of the Declaration showed that, 15 years after the World Food Conference, hunger was still increasing, the common cause of its various facets being poverty combined with inability to distribute wealth equitably. Consequently, the campaign against hunger would require the implementation of socio-economic reforms that increased the income of the poor, as well as the promotion of an economic growth process that secured an equitable distribution of the benefits it provided.

47. The Programme of Co-operative Action proposed by the President of WFC in his follow-up report to the fifteenth ministerial session on the Cyprus Initiative Against Hunger in the World[2] constituted a framework for the measures which the international community could take and he requested the members of the Economic and Social Council to give it their full support. One of the salient points of the programme, which called for a range of social, economic and political measures to combat hunger and malnutrition, was the recommendation that members of WFC should set an example to the rest of the world by ensuring food security for their own populations. It was also recommended that improvement of the human condition should be the central objective of development, which explained the emphasis laid on the formulation of national programmes to benefit the poorest groups. It was also important that the members of WFC should combine forces in a co-operative effort to assist one another and to help other countries to combat hunger and malnutrition. In particular, national and international action was proposed to improve access to food, to increase food production, to direct the benefits of economic growth towards the poor, to improve the international economic and political environment, to reinforce and better co-ordinate the activities of aid agencies for the attainment of social objectives, to develop international action to respond to food crises, and to make a regular evaluation of the progress made by members of WFC in their campaign against hunger.

48. By making sustained efforts in those fields, the members of WFC and the international community should endeavour, during the 1990s, to achieve the virtual elimination of starvation and death caused by famine, a substantial reduction of malnutrition and mortality among young children, a reduction of chronic hunger and the virtual elimination of the major nutritional-deficiency diseases.

49. By launching, at its fourteenth ministerial session, the Cyprus Initiative against Hunger in the World,[3] WFC had shown its intention to reverse the trend towards increasing hunger and malnutrition. As an expression of their Governments' commitment to implement the Cyprus Initiative, the members of WFC had agreed on a series of practical measures which were listed in the Programme of Co-operative Action.

50. The Programme of Co-operative Action called upon bilateral and multilateral agencies to give greater attention to social objectives and to improve co-ordination of their activities in that field. Agencies should focus more directly on programmes related to areas which would promote the implementation of economic and social policies of direct benefit to the poor and having a clear impact on their food security, on supporting programmes leading to increased production of "self-targeting commodities" and other projects which had proved effective in agricultural development programmes, on the granting of food aid, taking care to avoid the adverse consequences on domestic production, and on co-ordinating their activities more effectively.

51. The President and the Executive Director of WFC would undertake the necessary consultations with Governments and international agencies to induce them to support the initiatives proposed at the fifteenth ministerial session WFC had requested the Secretary-General of the United Nations to arrange for the issue of hunger and poverty to be placed high on the agenda of international summit meetings of heads of States and Governments. The participants in the fifteenth ministerial session had also strongly urged that the elimination of hunger and poverty should be made one of the main items on the agenda of the General Assembly's special session in 1990, as well as one of the central objectives of the new international development strategy. They had also invited the president of WFC to convey the conclusions and recommendations of the fifteenth ministerial meeting to the seven major industrialized countries before their summit meeting in Paris in July 1989.

52. In conclusion, he said that the strengthening of international co-operation called for in the Cairo Declaration was a task for national Governments and United Nations agencies. He hoped that the Economic and Social Council would again support WFC efforts by adopting by consensus, as the General Assembly had done in 1988, a resolution firmly supporting the Cyprus Initiative as well as the Cairo Declaration.

53. Mr. MORET ECHEVARRÍA (Cuba) noted that, despite some progress in the field of disarmament, which held out hopes for an improvement in détente and international security, there had been no sign, in the field of economic co-operation, of a similar political will to engage in serious global negotiations to eliminate the structural imbalances in the world economy and to extricate the countries of the third world from the present crisis. The developing countries' dependence on external factors and the growing imbalances in their economies continued to produce profound structural disparities in an increasingly complex world economic system in which attempts were increasingly being made to assign a minor role to the developing countries.

54. The persistence of serious problems on commodity markets, the intensification of protectionism in the de-

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[2] *Ibid.*, annex.

[3] *Ibid., Forty-third Session, Supplement No. 19* (A/43/19), part one.

veloped countries, international financial imbalances, the steady deterioration of the terms of trade, the external debt crisis, the substantial contraction of ODA, the developing countries' increasing difficulties in obtaining access to capital markets, the application of restrictive economic measures and the net transfer of resources from developing to developed countries were among the factors explaining why the economic and social situation was becoming more and more precarious in most developing countries.

55. Of all those problems, none had a greater negative impact than the external debt crisis, which was at the root of a new form of domination and colonization of the third world. The crushing burden of the external debt of Latin America, which now exceeded $400 billion, had caused the Latin American economies to fall back substantially over the past five years. The situation in Africa was no less complex. Those facts, and the political nature of the problem, required concerted action by creditors and debtors and the formulation of a joint strategy based on the search for mutually acceptable solutions conducive to sustained economic growth in the developing countries. So far, unfortunately, there could not really be said to exist any strategy for solving the debt problem. It was therefore necessary to conclude that the debt could not be repaid, since it was inadmissible that it should be repaid at the cost of famine, poverty and the death of millions of human beings.

56. His delegation wished again to warn against the political instability caused by the debt burden in the developing countries. The various solutions recently proposed for solving the debt problem were only makeshifts, since they were still limited and discriminatory and provided, among other conditions, for the application of adjustment measures. However, the application of so-called "structural adjustment programmes" could cause, and had in fact caused, social disturbances in some countries. It could even jeopardize a democratization process embarked upon at the cost of enormous efforts. The Cuban delegation therefore believed that the external debt crisis could not be solved in isolation and that the search for a just and lasting solution to the problem, based on a global approach that took account of the concomitant phenomena, was an essential ingredient in establishing a new international economic order. Furthermore, even if it were decided simply to cancel the developing countries' external debts, unless the other economic problems with which they were burdened were solved, the external debt and its devastating effects would reappear after a few years.

57. The preparatory work on formulating the international development strategy for the fourth United Nations development decade had begun. The measures taken for the Third Decade had proved quite inadequate for solving the problems of the third world, with the result that the gap between rich and poor countries had increased and the crisis which the latter were experiencing had worsened. The objectives of the next strategy must therefore be specific and realistic and it was also absolutely essential that the developed capitalist countries should demonstrate the necessary political willingness to honour their commitments in the framework of the strategy, while at the same time refraining from resorting to discriminatory practices incompatible with the establishment of fair and equitable international economic relations.

58. The special session of the General Assembly in 1990 would provide an opportunity to identify trends and to tackle the crucial problems of international economic relations. He hoped that the work of the Preparatory Committee and the session itself would be successful.

59. Resolution 1988/77 on the revitalization of the Council, which had been adopted on 29 July 1988 on a proposal by the Group of 77, had shown the determination of the member States to strengthen the role of the principal organs of the United Nations system. If the Council was to be capable of performing the tasks entrusted to it under the Charter of the United Nations, the provisions of resolution 1988/77 must be implemented in the context of the extensive reform undertaken under General Assembly resolution 41/213, of 19 December 1986, on the efficiency of the administrative and financial functioning of the United Nations.

60. His delegation, too, was concerned about the current threats to the environment, whose protection called for action. Faced with such an alarming situation, the international community must mobilize in a concerted manner and seek a solution by examining environmental problems in all their aspects instead of in isolation, but taking account of the relationship between the environment and the development of the developing countries and taking care not to attach excessive importance to any one particular problem to the detriment of an overall approach.

61. Mrs. SADIK (Executive Director, United Nations Population Fund) said that the general discussion of international and social policy was of particular interest to UNFPA, whose activities were concerned with the social and human dimension of development and included helping people to participate in development. Those key aspects were described in the report of the Director-General for Development and International Co-operation (E/1989/106 and Add.1).

62. Of all the various aspects of development, population was the one most influenced by individual choices. Whether it was a matter of deciding on the number of children to have or whether to emigrate, for example, the general socio-economic situation and the policies pursued by Governments certainly had some influence, but they did not play a decisive role. The millions of such individual choices had an enormous cumulative effect on society and the economy, so that an increasing number of developing countries considered—rightly, it seemed —that population growth constituted an essential obstacle to development and to improvement of the quality of life.

63. The world's population—currently 5.2 billion persons—was increasing by 90 million persons annually,

of which only some 6 million would live in developed countries. Some 75 per cent of the inhabitants of the planet lived in the third world, and that proportion would reach 80 per cent by the end of the century and 85 per cent by the year 2025, when the Earth would have about 8.5 billion inhabitants. The population might stop growing within approximately a century, when it would have doubled its present figure, but such a slow-down of population growth could be attained only through concerted action and, it must be pointed out, it would require a very large reduction—almost 35 per cent—in fertility in the developing countries over the next 30 to 40 years. To achieve that objective, population programmes in those countries would have to be strengthened, improved and expanded.

64. By the end of the century, one half of the world's population would be living in cities; 17 of the 20 largest cities, each with over 10 million inhabitants, would be situated in developing countries. The large urban centres were consuming more and more energy and they produced more and more wastes; they exerted enormous pressure on the rural areas by their increasing demand for food and fuel. That phenomenon, associated with the exodus from the countryside, far from stimulating the rural economy, might accelerate the decline of the rural areas, which were inhabited mainly by an increasing number of the very old, the very young and the poor, who were incapable of replacing the resources they used.

65. Of course, the scenario differed from region to region. The most rapid population growth was taking place in Africa; food production was not keeping pace, and population growth now constituted a major constraint on the continent's overall development. Associated with very rapid urbanization, it was the cause of deterioration of the environment. Most African countries, having become aware of those problems, were beginning to formulate policies to deal with them. Asia had falling growth rates but, because of the inertia caused by population growth in the past, the number of inhabitants was still increasing while, in many countries, the population was ageing. Associated with rapid urbanization, that phenomenon was weighing more and more heavily on family and social structures. The countries of southern Asia, even though many of them had long been carrying out population programmes, were still recording average mortality rates and high fertility rates. Moreover, environmental deterioration seemed to be becoming more acute in the whole region. In Latin America, even though fertility had fallen sharply, there was strong urban growth and a decline of rural areas. The economic crisis had hit crucial programmes, including population programmes, despite the growing interest shown in them by Governments. The combination of poverty and population growth had harmful effects for the environment, particularly in the Amazon basin and Central America. West Asia was characterized by rapid population growth and high disparities in income; pockets of high mortality and high fertility subsisted, despite often high GNPs. Finally, the industrialized countries were recording a very low population growth; some were faced with problems due to the influx of immigrants from developing countries, the increase in the number of the elderly, and the effects of massive urban and industrial development on the environment.

66. Population growth, urbanization and industrialization, mutually reinforcing one another, constituted an increasingly clear threat to the environment and to development itself. The need for an alternative route to development had never been greater and, in that connection, the contribution of population programmes could be valuable, since they were directly addressed to individuals, families and communities, whose needs and interests must be, as the Director-General pointed out in his report, the primary concern of development policies, which was not at present the case.

67. UNFPA, which was celebrating its twentieth anniversary, had undertaken to make a full evaluation of two decades of experience—its own and also that of Governments, United Nations agencies, universities and non-governmental organizations. Its conclusions were: first, that population programmes were not a supplement to or substitute for economic policies but an integral part of them, and all countries that had taken off economically since the 1960s had, from the outset, equipped themselves with sound population programmes. Second, population programmes were most effective when they were based on a concerted social development policy encompassing health, including maternal and child care, family planning, education, the training and employment of girls and women in particular, social justice and participation in the political process at all levels. Third, the experience acquired in population programmes could be extended to other fields; it was known that they were successful when individuals were treated as decision-makers and when the greatest account was taken of their contributions, needs, convictions and values. Such a philosophy applied to agriculture, for example, would show that women, who played an essential role in it, needed training, credit and the right of access to land. Finally, in order to be effective, population programmes must be designed on the basis of the specific needs of each country, and take account of its values and traditions.

68. It was therefore clear that development could be achieved only if account was taken of population issues and that population programmes were successful only as part of a wider spectrum of social development. In the light of the present crisis, it was high time to review the relative importance of social investment, which might well be found to have been unjustly treated as a luxury or a secondary benefit and neglected in favour of apparently more urgent needs. That did not mean that social development should be considered as a panacea; it meant giving it the place it deserved in a global process. Social development was a long-term, unglamorous undertaking requiring much patience and many resources; it called for some fundamental rethinking of goals, but it was rich in promises, since it was capable of liberating potential resources within individuals and the community.

69. All those difficulties should not be minimized, any more than the already severe pressures on resources for development. To devote part of them to social development would require a real commitment on the part of the international community and a firm political will on the part of national leaders. UNFPA, for its part, was actively engaged wherever possible and, on the basis of its experience, proposed the following population goals: the development of comprehensive development-based population policies; the deceleration of population growth through, *inter alia*, a reduction of fertility; a campaign against maternal and child mortality; and an improvement in the status and role of women. Population programme goals should become an integral part of the new international development strategy and should receive from the United Nations system the attention they deserved, particularly at the special session of the General Assembly in 1990. As the representative of France had pointed out as spokesman for the EEC (18th meeting), population problems constituted one of the major challenges for international co-operation. All the United Nations agencies and the bilateral organizations should set themselves the target of fully integrating population issues in their work programmes for the 1990s.

70. In order to attain those objectives, it would be necessary to mobilize more resources. Of course, primary responsibility lay with the Governments of developing countries, but the international community should, in the next decade, be ready to devote more financial resources to population activities. The proportion of ODA devoted to population programmes—namely, 1.5 per cent—had not increased since 1970. Such assistance represented less than $600 million a year. It would therefore be necessary to set, for the year 2000, financial targets for international assistance for population activities, both in terms of absolute amounts and of relative shares of ODA. It would also be necessary to improve co-operation and co-ordination in population matters so as to make the best use of limited resources.

71. Those objectives should have the unfailing support of all concerned, in view of the present crisis context in which they were bound to play a decisive development role. She appealed to all parties concerned, from Governments to non-governmental organizations, to take active steps to attain them.

72. Mr. PESQUEIRA OLEA (Observer for Mexico) said that, ever since the presidency of WFC had been conferred on Mexico for the period 1987-1989, his country had constantly emphasized that, if the international community had the political will to do so, it could make mankind safe from hunger. Since 1987 Mexico had promoted the idea that success would depend on effectively co-ordinated action by all United Nations agencies directly or indirectly concerned with food and agriculture: what was required was not confrontation but collaboration, and the problem of hunger, being inseparable from that of poverty and therefore from development, must be tackled through an overall and multisectoral approach. As the Council was aware, the Beijing and Cyprus Meetings of WFC had led to the Cyprus Initiative Against Hunger in the World,[4] an appeal to member countries to work together. In order to give concrete expression to the Initiative, an informal advisory group had met on several occasions to draw up a programme of co-operative action proposing a number of specific measures. The Programme had been submitted to WFC at its fifteenth ministerial session.[5]

73. WFC, which was composed of persons responsible for food production and agricultural development at the highest level, considered that mankind had the means to counter famine by concerted action. Its first concern had been to launch an appeal for peace since, in a world of tension and violence, the developing countries, which were the countries suffering from hunger, were the playthings of the powerful and were drawn into what were often fratricidal wars and convulsions. What kind of agriculture was possible in those conditions and how could mothers and children be fed under bombs?

74. Another concern of WFC had been the debt of the developing countries. It was clear that the outflows of foreign exchange required to service the debt were leading to declining investment, productivity and food production. A number of delegations had supported the proposal that an arrangement be made to permit the recycling, for the benefit of the agro-food sector, of payments made to international financial institutions for debt servicing.

75. It was high time to act. The poor and the hungry could not await the goodwill of the rich and the powerful. Although the planet was feeding more mouths than in 1974, when the campaign against famine had been launched, famine had increased. In those circumstances all parties concerned, both rich and poor, must join together and act by every means, displaying a firm political will and devoting to the campaign against hunger financial resources which were currently being used for destructive purposes. The rich had the possibility of supplying valuable inputs in the form of credit, machinery and technology and of taking appropriate action in the current negotiations within GATT and the World Bank and of taking account of the food situation in countries with which they were drawing up adjustment programmes in IMF. The developing countries, too, must shoulder their responsibilities by establishing, in their plans and programmes, clear and precise priorities favouring the agro-food sector.

76. The situation, it must be admitted, was alarming. Cereal stocks were expected to fall by some 30 per cent between 1988 and 1989; price rises continued to benefit the rich and to hurt the poor; the exports of the developing countries were limited in both volume and value; and cereal production would have to increase by more than 200 million tonnes in 1989 in order merely to restore stocks to a level that would guarantee world food security. While production was expected to fall during the

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[4] *Ibid.*

[5] See footnote 2 above.

current year, the developing countries would have to produce 50 per cent more cereals than in 1984 in order to meet the growing demand. Unless there was an improvement in international co-operation, those objectives could not be attained. Nevertheless, despite the gravity of the situation in Africa, all hope was perhaps not lost. India, Pakistan, Indonesia, Thailand and the Republic of South Korea had substantially increased their production in recent years, although the progress made did not necessarily benefit those in greatest need of it.

77. The Cairo Declaration[6] had been fully approved by all members of WFC, whose new President, Mr. Walli, would endeavour to ensure a practical follow-up to the initiative. In that connection he thanked the Secretary-General for his unfailing support for WFC and he appealed to the international community to follow up the Cairo Declaration: by providing better protection for the poor, by implementing food production policies, by striving for better inter-agency co-ordination, by working for social development, and by taking appropriate action in respect of capital flows, so that the Uruguay Round of multilateral trade negotiations and South-South co-operation would contribute to an improvement in the international economic situation and to the campaign against poverty and injustice.

78. In conclusion, he expressed the hope that the Council would adopt a resolution clearly indicating its support for the efforts being made by WFC to combat hunger throughout the world.

79. Mr. TYSON (United States of America), speaking in exercise of the right of reply, said that he wished to refer to comments concerning his country made at the 20th meeting. Since he himself was not participating in the GATT negotiations, he would confine himself to a few preliminary and general observations. The United States of America did not consider that GATT was in a shambles; on the contrary, it was on course for the successful conclusion of the most delicate multilateral trade negotiations ever undertaken. The free trade agreement concluded between the United States and Canada was fully consistent with the spirit of GATT. In the case of trade in services, the right of establishment was often a necessary pre-condition for anyone seeking to engage in such trade.

80. At the beginning of the 1980s, the United States administration had taken a number of fiscal and monetary measures; at that time the United States economy had been affected by the rise in interest rates, and the changes they made had been long overdue. Inflation had been brought under control and economic growth had resumed with, among other results, an increase in imports of manufactures from developing countries.

81. It would also be useful to look at the root causes of the debt problem, beginning with the effects of the increases in oil prices in the 1970s.

82. Mr. WANG Baoliu (China), speaking in exercise of the right of reply, noted that his Government had again been unjustifiably attacked, and he protested against such inadmissible interference in his country's internal affairs. Having already had occasion to state its position (19th meeting), his delegation would not revert to the matter. It would simply point out that history had often shown that unjustified interference in the affairs of other States was always ineffectual in the long run.

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*continued**)

83. The PRESIDENT drew the Council's attention to the requests made by non-governmental organizations to be heard by the Council (E/1989/124). He suggested that the Council should grant those requests.

It was so decided (decision 1989/163, para. 2).

The meeting rose at 6.05 p.m.

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[6] See footnote 1 above.

* Resumed from the 18th meeting.

22nd meeting

Monday, 10 July 1989, at 10.10 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/29

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. PEMASIRI (Sri Lanka) said that, although 1988 had by and large been good for the developed countries, the experience had been mixed for the developing countries. It had been rather satisfactory in Asia, where the relatively high growth rate in several countries had been due to increased agricultural production, which had come as part of a long-term rising trend. Nevertheless, it was still imperative that the developing countries should be offered greater outside support to continue with their development programmes.

2. In the 1980s structural adjustment programmes had been the subject of intensive debates. Experience appeared to have been mixed. One conclusion was that pragmatism, not theory, should be the guiding light in structural adjustment programmes. Improved domestic policies would not be adequate by themselves to ensure success. Currency devaluation in the developing countries was not a sufficient solution. Appropriate external circumstances must be created to make structural adjustment programmes work.

3. His Government attached great importance to four specific economic issues. The first was the prices of commodities, on which many developing countries were still heavily dependent for their export earnings. In 1988 prices had shown some recovery, possibly because the demand from other countries in the developing world had increased. However, the capacity of those countries to sustain the demand was limited by foreign exchange constraints. It was therefore not surprising that the *World Economic Survey 1989* (E/1989/45) noted that a great deal of uncertainty surrounded the near-term prospects of primary commodities. It was extremely important that UNCTAD and institutions such as IMF and the World Bank should take action to increase stability in the international commodity market. He hoped that the Common Fund for Commodities, which was now operational, would act as a catalyst for renewed and more tangible action.

4. The second issue was international trade, especially the multilateral trade negotiations under the Uruguay Round. While more than 100 Governments had committed themselves to the Round, Sri Lanka had still to be convinced of its substantive achievements. Multilateral negotiations had been taking place, but at the same time there had been a pronounced upsurge in bilateralism and, even worse, unilateralism. Non-tariff barriers to trade continued to proliferate. As a small country for which there was no alternative to a strong multilateral trading system, Sri Lanka attached the highest priority to the success of the current negotiations. The progress in the negotiations on tropical products was so far encouraging and it was to be hoped that results could be achieved soon.

5. The third issue was the question of financial flows to developing countries. In each year since 1983 the capital-importing developing countries had been net capital exporters. The trend had continued in 1988 and the outflow from developing countries had grown to over $30 billion, underlining the need to review the entire debt problem in the context of its overall impact on economic and social development. One requirement was the strengthening of the resource bases of multilateral financial institutions, since developing countries relied to a significant extent on financial flows on softer terms from the World Bank, the regional development banks and agencies in the United Nations system. In that context, the continuing failure of most developed countries to meet United Nations ODA targets was regrettable. Development aid issues should receive greater attention in the *Survey* than they did at present.

6. The fourth issue was the environment. There had been a time when the environment had been considered as something outside the sphere of economic development and had been taken for granted. Developments in recent years, such as global warming and the depletion of the ozone layer, had brought environmental issues to the fore. Sri Lanka was experiencing a steady depletion of its timber resources, soil erosion, water scarcity and other kinds of environmental damage. The Government was fully aware of the issues and had resolved to improve the environmental safeguards to the greatest extent possible. Developing countries, however, could lack both the technical and capital resources to deal with environmental problems. Multilateral and other providers of development assistance had now rightly assumed obligations to tackle environmental issues, but much more could be done to provide the human and capital resources needed.

7. Turning to social policy, he said that it was difficult, especially in developing countries, to make sectoral dis-

tinctions between economic policy and social policy, since they were closely intertwined. Education and health care were as vital to economic development as capital investment in agriculture or industry. Although his country could be proud of its social development record, many problems of poverty still confronted large segments of the population and the Government had recently initiated a poverty alleviation programme aimed at increasing the productive capacities of the poorest and most vulnerable groups. As CDP had noted in paragraph 13 of the report on its twenty-fifth session (E/1989/29), instead of regarding poverty alleviation as an act of charity and a drain on the exchequer that should be minimized, policy-makers should recognize that it was an investment in the poor that could produce a high rate of return. Poverty alleviation should be one of the goals of an international development strategy for the 1990s.

8. The goals of the three previous international development strategies had not been fully realized and the developing world should not have to face a continuation of the economic stagnation that had prevailed in the 1980s. Continued low or negative economic growth was bound to have political repercussions and there would be no guarantee that the affluent North would be able to cushion itself from the impact of social and political upheavals in the developing South.

9. It was in the interest of all that the fourth development decade should be more successful than its predecessors. The special session of the General Assembly in 1990 on international economic co-operation, in particular the revitalization of economic growth and development in developing countries, would provide an ideal opportunity to generate the political will needed to break the present stalemate.

10. Mr. BERAHA (Bulgaria) said that the future of mankind was increasingly dependent on the capacity of Governments to react adequately to global socio-economic, ecological, scientific and technological problems.

11. As the *World Economic Survey 1989* showed, the world economy and world trade had expanded significantly. However, prosperity in some countries coexisted with extreme poverty in others. In most African and Latin American countries per capita income was falling, many of the poorest countries had become even poorer, and in many cases external debt and unemployment were becoming unmanageable. Moreover, the conditions for the development of world trade were not improving. The net outflow of resources from the developing countries had increased and would probably continue to do so in 1989. The contradictions in the global development process must be resolved, since an economic crisis in any one part of the world could sooner or later have a negative impact on the world economy as a whole.

12. Multilateral economic co-operation did not match the positive changes in the political climate set in motion by the USSR and the United States in their bilateral relations and by the States participating in the Conference on Security and Co-operation in Europe. The final document of the Vienna meeting of that Conference included agreements to hold a meeting on the protection of the environment and a conference on economic co-operation in Europe. The Council could help to promote the goals of those meetings, which would be of more than regional significance and would contribute to the extension of multilateral co-operation in the world as a whole.

13. The adoption of a new development strategy for the 1990s was important. His delegation shared the view that the strategy should be pragmatic and should pursue realistic and specific goals. It should be selective, set priorities and concentrate on qualitative indicators. It should accommodate the interests of all groups of countries and regions and should provide guidelines for multilateral economic co-operation combining the efforts of all States and the activities of international intergovernmental and non-governmental organizations. His country's views were reflected in the position paper submitted by the socialist countries to the Special Plenary Committee responsible for preparing the International Development Strategy (E/1989/127).

14. The work so far accomplished was satisfactory and should be intensified so that the strategy could be adopted in good time. The special session of the General Assembly in 1990 could play an important part in that process. It would undoubtedly concentrate on the basic problems facing most developing countries, such as debt, the outflow of financial resources, poverty and structural adjustment programmes and their social consequences. Bulgaria hoped that the special session would adopt guidelines and recommendations for strengthening multilateral economic co-operation within the United Nations system.

15. The socialist countries had frequently stressed the need to discard outmoded approaches to political and economic relations between States and to rule out discrimination, sanctions and coercion. They had consistently supported the principles of peaceful coexistence, equal development and the implementation of United Nations resolutions on international economic co-operation. His Government attached particular importance to the establishment of a comprehensive system of international security, of which international economic security should be a constituent element. That would entail the establishment of equitable conditions for the participation of all States in international economic life, guaranteeing the protection of their national interests from destructive external forces and from economic actions dictated by political goals, and the renunciation of the use of economic coercion and embargoes in international economic relations. The Council should promote progress on that many-sided issue.

16. Protection of the environment and the prevention of an ecological catastrophe was a major global problem calling for the pursuit of wise and effective ecological policies by each State and broad international co-operation. Bulgaria reaffirmed its support for the idea of international ecological security. The meeting in Vienna of the CSCE had convened an international meeting on

the environment in Sofia, which, although regional, would have a bearing on multilateral ecological co-operation worldwide. As host country, Bulgaria hoped that the discussion would be fruitful and businesslike.

17. His delegation favoured the expansion of regional co-operation within the United Nations as a means of working towards mutually acceptable solutions of economic and social problems in the regions concerned and facilitating the solution of global economic problems. In particular, ECE, which had recently been very active, should be further strengthened. He drew attention to Council resolution 1988/75 of 29 July 1988 on the early identification of changes in the world economy. Timely and accurate information on emerging economic problems could only be of benefit to Governments.

18. Bulgaria was currently engaged in restructuring its economy to increase economic efficiency, extend democracy in social and political life and improve the standard of living. It was intended to expand trade and economic relations with all countries through technological innovation, the decentralization of management and the use of market mechanisms. Steps had been taken to join GATT and to establish official relations with the EEC. Bulgaria was, of course, interested in further increasing its bilateral and multilateral co-operation with developing countries.

19. Mr. MIGLIUOLO (Italy) said that the French representative, speaking on behalf of the EEC and its member States (18th meeting), had drawn attention to a number of priorities for the work of the Council in the months ahead. His delegation endorsed that statement.

20. Turning to the challenges on which the new international development strategy and the special session of the General Assembly in 1990 should be focused, he said that the first was the increased globalization of markets that would force further progress in deregulation of international financial markets. The second was the likely further democratization of global economic power. Economic and financial power was now more diffused and no single country could exercise individual leadership of the world economy outside a multilateral economic framework. Third was the entry of the socialist countries in the world's trading, financial and monetary systems as a result of *perestroika*. The Bretton Woods institutions would have to be adapted to accommodate them. Poland and Hungary were already members of the international financial institutions and the USSR had given a welcome indication of its interest in them.

21. A further and welcome challenge was the increase in the economic strength of the developing world reflected in its growing share of world output, owing largely to the economic performance of the newly industrialized countries. The World Bank forecast that share by the year 2000 as between 25 and 30 per cent. The East Asian countries had grown recently at a rate of between 4 and 5 per cent a year and China at a rate of 8 per cent. In that connection, he noted that it was possible that recent repressive measures might cause the Chinese economy to retreat. His delegation associated itself fully with the French delegation's statement in regard to the situation in China (*ibid.*). It trusted that the repressive measures would cease forthwith and that China would return to a process of positive development.

22. A major process of differentiation, which the United Nations had not so far taken sufficiently into account, was clearly taking place within the developing world. Despite the encouraging developments in certain groups of countries, the overall picture remained alarming. In some developing countries, growth had come to a halt altogether. The main problem areas were and would remain for some years Africa and Latin America. In 10 years the countries of Latin America had lost 20 per cent of their GNP, which was lower in 1989 than in 1980. In Africa as a whole, per capita GNP had been halved in the past five years and the number of people affected by extreme poverty had increased by 68 million. The special session of the General Assembly in 1990 and the new international development strategy must take into account those figures, which called for a differentiated approach to development co-operation in the 1990s and the setting of diversified priorities for the United Nations machinery.

23. In South Asia, the United Nations should above all promote the development of human resources. In the case of Africa, it must be recognized that the worst problems were emerging just at a time when aid fatigue was apparent in the developed world. In Africa, the process of institution building, which had been the engine of development in Asian countries such as India, had not yet begun.

24. Differentiated solutions would also have to be found for Latin American and African debt if economic recovery was to materialize. The African debt issue had already been the object of such important specific initiatives as the agreement arrived at by the seven major industrialized countries at the Summit Meeting held at Toronto in June 1988 and unilateral relief measures by some creditor countries. The problems remaining were still of staggering dimensions and further progress must be made towards finding adequate solutions.

25. The fifth challenge for the 1990s was to strengthen those international institutions which had for the past 40 years acted as international economic managers. They must evolve so as to be in a condition to tackle new needs. Currently IMF was presiding over a negative transfer of resources. Despite the positive achievements of the Uruguay Round, GATT's jurisdiction was still too limited and its mandate restricted, with its rules applying to only 7 per cent of international economic activity. The United Nations itself was only just emerging from the financial crisis that had dominated its activities for the past three or four years, while the Council was progressively losing its relevance in regard to international economic co-operation.

26. It was ironic that the multilateral institutions should be declining at a time when economic interdependence required more and not less multilateral co-operation and management. His delegation was con-

vinced that only within such multilateral institutions as the World Bank, IMF, GATT and the United Nations could international co-operation achieve the highest returns for the international community, including the developing world. The question was whether the multilateral institutions would be able to evolve quickly enough to meet the challenges.

27. The development banks, and the World Bank in particular, should be enabled to recycle the savings surpluses that existed in several industrialized countries, instead of accepting the current negative transfer of resources. The international financial institutions must be able to channel a larger share of the investment resources currently invested in the treasury bonds of some industrialized countries to the developing countries. There was a tremendous opportunity to rebuild or in some cases create the physical infrastructure of the developing world. The problem was how to pay for and invest the surpluses currently held in private hands.

28. ODA would continue to be a major instrument for the transfer of resources, as well as serving as seed capital. In that connection, achieving the 0.7 per cent of GNP target must remain a development strategy objective. However, it was also necessary for the development assistance already available to be spent more efficiently. The World Bank and IDA, together with such United Nations agencies as UNDP and UNICEF, would have to channel a larger share of resources to the African countries.

29. The developing countries, his delegation believed, should accept GATT's competence in the trade in services. Services were labour-intensive and the growth area of the future for the developing countries. They would, of course, need to protect their infant services for some time, but afterwards should open their markets, while the industrialized countries must commit themselves to free trade in the longer term.

30. The debt strategy being implemented by the international financial institutions needed to be strengthened and some of its components and instruments completed. A more determined search should be made for new contributions and more use made of SDRs. Debt relief must continue, however, to be organized case by case.

31. Although the international financial institutions should be enabled to do more to alleviate the debt burden, it must be kept in mind that no international strategy could replace national efforts and domestic policies in restoring financial health and economic growth. As a member of the EEC and of the Group of Seven, Italy pledged its utmost effort to seeking a solution to the debt crisis that so deeply affected the countries of Africa and Latin America.

32. In respect of all those tasks, the United Nations constituted a unique forum in which to build the necessary political momentum. The 1990s could become the real United Nations development decade.

33. The United Nations had played a part in the relaxation of international tension in many parts of the world, including Namibia, Afghanistan and the war between the Islamic Republic of Iran and Iraq. The cessation of conflicts liberated human and financial resources that could be channelled towards development. It was to be hoped that further arms reductions, leading to an expanded reorientation of resources, would result from the far-reaching design recently outlined by President Bush. The United Nations could help to ensure that such resources were utilized mainly for the benefit of developing countries, while bearing in mind that public opinion in the developed countries was increasingly interested in how that money was spent, as manifested in the ratio between civil and military appropriations in the expenditure of developing countries.

34. Last, but by no means least, the United Nations could help in the development of human resources. Through the United Nations organs and agencies, Italy was helping to finance investment in the formation of human capital in the developing countries. Only an emphasis on human capital could help to create a more equal distribution of income and an environment in which equality of opportunity could lead to a fairer distribution of resources. Human resources development must also go hand in hand with popular participation, which would ensure that the resources made available reached the poorest groups.

35. Human resources development should be one of the central issues of the special session of the General Assembly in 1990 and the new international development strategy. His delegation hoped that the strategy would give the United Nations a mandate to design country profiles for use as a blueprint for an overall development strategy for each country concerned. Italy would be happy to use a framework of that kind as a term of reference for its own bilateral development assistance.

36. Environment should also be given an important place in the agenda of the special session and in the international development strategy. His delegation was aware of the misgivings of some developing countries that environment might become a new form of conditionality. Those fears should be allayed by tackling all the components—the economic, the social and the developmental—of the environmental issue simultaneously, not forgetting the possibilities of technology transfers of major significance. The United Nations was an ideal framework for negotiations in that respect and his delegation had high hopes of the 1992 conference on the environment and development. When appropriate, developing countries should be given financial support for the cost they would incur in promoting the preservation of the world environment.

37. Mr. ESPAÑA-SMITH (Bolivia) said that his delegation fully endorsed the comprehensive and detailed analysis of the main items on the Council's current agenda made by the Observer for Malaysia on behalf of the Group of 77 (18th meeting). He wished to add his comments, however, on a few specific points.

38. The slightly increased rate of growth of the world economy depicted in the *World Economic Survey 1989* was gratifying. It was a matter of grave concern, however, that such growth should continue to be essentially unbalanced, with a large part of the developing world continuing to face conditions in which growth was at best stagnant or inadequate and in many cases in persistent decline. The Secretary-General had rightly stressed in his opening statement that many countries in Africa, Asia and Latin America were unable to escape from poverty and underdevelopment, finding their efforts blocked by an unfavourable international climate and the weight of new domestic problems. The countries concerned would undoubtedly continue in that trap unless the tremendous obstacles that faced them in the international sphere were removed and unless they themselves made a major effort towards adjustment and restructuring.

39. Bolivia had made such an effort, and so successfully that it was frequently referred to in international publications and reports, including the *Survey*, as a case of structural adjustment that was working. Bolivia's case was notable, not only because it had succeeded in stabilizing its economy, rescuing it from virtually unmanageable hyperinflation, but also, and especially, because the plan had been put into effect in a least developed country possessing very few resources by a democratic régime only weeks after its election, which had demanded considerable political courage. The people of Bolivia had learned from experience the social and political cost of the adjustment process. They also knew that reactivating the economy and achieving sound and sustained growth was even more difficult than restoring and maintaining stability. He stressed that his country had done more than achieve adjustment without growth, as the *Survey* wrongly suggested. The figures in the *Survey* were inaccurate in a number of cases and some of the statements on Bolivia were erroneous, superficial and inconsistent. He would note simply that after modest but effective growth in the first few years of the programme, Bolivia's economy would grow in 1989 faster than population. Nevertheless, the growth so painfully achieved was still inadequate.

40. Bolivia's experience showed that, no matter how drastic and orthodox, internal adjustment could not be fruitful on its own or restructuring be consolidated without external assistance through international co-operation. In the financial field, such co-operation was crucial. Without the support given to Bolivia by the international financial institutions, it would have been impossible to maintain the restructuring plan, still less to reverse the negative flow of capital. It had also required the imaginative and effective international assistance in regard to foreign indebtedness received from various friendly countries which had made it possible to repurchase a significant part of Bolivia's commercial debt.

41. International co-operation must also be manifested in concrete action to demolish the still impenetrable obstacles that confronted the developing countries in international trade. Because of the great hopes it placed in multilateral action, Bolivia had become a member of GATT, in the belief that the negotiations of the Uruguay Round would succeed in substantially lowering the barriers to trade being erected on all sides and would also help to repair the current imbalance in the international trading system, particularly in respect of commodities, where unstable prices placed the developing countries in a vulnerable position.

42. He believed that the points he had mentioned merited special consideration at the special session of the General Assembly in 1990 as well as during the preparation of the new international development strategy.

43. Mr. WALKER (Observer for Australia) said that, despite major imbalances in trade and resource flows affecting levels of activity in developed and developing countries alike, the outlook was for moderate economic expansion, a relatively favourable situation in which to promote global economic growth and development. The interdependence which linked the prosperity of nations also provided a vehicle by which benefits could be shared. At the 17th meeting, held on 6 October 1988, of the General Assembly's forty-third session, the Australian Minister for Foreign Affairs and Trade had affirmed his Government's conviction that the United Nations had a role to play in international trade and development, and at forthcoming international meetings, including the special session in 1990 of the General Assembly, all members of the system would have an opportunity to advance that cause.

44. The benefits and costs of correcting imbalances and making structural changes were becoming clear. The slow-down in economic growth in late 1988 and early 1989 had brought growth back to more sustainable levels and reduced mounting inflationary pressures. Current account adjustments were constrained by interest rate pressures and the recent appreciation of the dollar. The rise in inflation, combined with a slowing of progress in international current account adjustment and continuing protectionist pressure, represented the major elements of risk in the international economic outlook. Further changes were needed to re-stimulate adjustment and ensure that higher inflation and inflationary expectations did not become entrenched. There had been wide recognition—including by Australia—of the need for a review of approaches to the debt problem, as simplified by the Brady proposals.

45. Growth in world trade had been strong, although slower than in the previous 12 months. There was likely to be an easing of demand for commodities and some weakening in prices as economic activity moderated and increasing supplies of some commodities came on the market in response to relatively good prices. The most important recent contribution to the adjustment process had been the successful conclusion in April 1989 of the Uruguay Round mid-term review. The accord reached on farm trade policies marked a step towards attainment of the Cairns Group objectives and established a sound basis for further negotiations. Much further effort would, however, be required if the Round was to achieve acceptable results across the board. Protectionist pressures

remained strong, and bilateral tensions had escalated between the United States and those of its trading partners threatened with retaliation. Reforms to promote efficiency and remove structural rigidities, including industrial and agricultural subsidies, should be pursued more vigorously.

46. The central message of the World Commission on Environment and Development (Brundtland Commission)[1] report was that the world environment could not be isolated from the world economy. Population growth was outpacing the capacity of a number of developing countries to provide for their economic and social wellbeing, and the resulting pressures were depleting natural resources faster than they could be replenished. New technologies that enabled resources to be exploited more efficiently were not evenly available throughout the world and had themselves created new threats to the environment. Nations had become not only economically but also ecologically interdependent, and the damage caused by environmentally unsound activities extended far beyond the boundaries of the countries directly responsible.

47. There was an essential link between economic development and respect for the civil and political rights of individuals. Systems which inhibited freedom of expression and association were also likely to hamper economic performance by restricting decision-making and impeding the mobility of resources—considerations which were sadly relevant to the events of the month of June in China. Australia had been one of the most enthusiastic supporters of China's reform programme over a number of years and had welcomed the strong economic growth achieved and the consequent rise in living standards. Australia's commitment to China's long-term economic development and the welfare and prosperity of its people was unchanged, but he feared that recent events would retard China's progress in that direction. It was impossible not to be appalled by what had happened in Beijing on 4 June and by the subsequent massive violation of human rights and the continuing repression of the students and others who had sought to express their views peacefully. His Government hoped that the authorities would realize both the rational and the moral imperative to strengthen individual human rights and return China to the progressive path of openness and reform it had previously pursued. China bore a special international responsibility as a permanent member of the Security Council, and he hoped that it would recognize the merits of signalling its renewed commitment to its international engagements by associating itself with the International Covenants on Civil and Political Rights and Economic, Social and Cultural Rights.

48. Recognizing that adjustment policies were the only guarantee of prosperity in the longer term, Australia was not calling on others to undertake policies that it was not prepared to undertake itself. His Government had taken action to redress imbalances in the economy, and to stimulate growth and exports without regard to the slow pace of adjustment occurring elsewhere. The market had been allowed to determine the value of the Australian currency; personal and corporate taxation systems had been overhauled; tariff protection in the manufacturing sector was being reduced by one third; and most primary industries had been made responsive to changes in the international market place. The public-sector borrowing requirement had been reduced from 6.7 per cent of GDP in 1983-1984 to zero as a result of successive budget surpluses and the repayment of government debt. Foreign investment policies had also been liberalized and real unit labour costs had been reduced by about 10 per cent. The Government was now focusing attention on longer-term structural changes to enable service sectors to provide stronger support for industry. Although it was a particularly difficult course to take for a country which derived 80 per cent of its export revenue from commodity exports, his Government was committed to lowering protective barriers against imports, and, by redressing economic imbalances, to contribute to global efforts in that direction. It hoped that others would do likewise. Attention should be focused on ways in which nations throughout the world could so direct the process of change as to derive maximum benefit. Economic power was decentralized among countries and within them, and many Governments acknowledged that action to promote their national interests and the dynamism of international economic activity did not rest in their hands alone. There were limits to what could be achieved, but, if the need for change was ignored, the result would be stagnation and environmental disaster. On the other hand, there were excellent opportunities for reducing poverty, improving the environment, stabilizing the world economy and achieving a global sense of community, and every opportunity should be taken to promote those objectives. By acting together the nations could exert a positive influence on the direction of change and ensure that it realized the global potential for economic growth and development and increased global prosperity.

49. Mr. MOHIUDDIN (Observer for Bangladesh) said that the question of structural changes and imbalances lay at the heart of major concerns about the present state of the world economy. Although there had been significant, and in some cases robust, expansion in developed market economies and some developing countries in 1988 and 1989, its impact on most developing countries had been sporadic and uneven. In much of Africa and Latin America per capita incomes had continued to decline, and many of the poorest countries had become even poorer. Unemployment had increased enormously; the debt crisis was continuing to strangle development efforts; the recovery in primary commodity prices was still insufficient, and the overall trend was towards a sharp fall in real prices; real interest rates had remained high; there had been a resurgence of protectionist pressures, a proliferation of non-tariff barriers and increasing resort to bilateral obstacles to exports from developing countries; ODA was stagnating; the flow of private re-

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[1] A/42/427, annex.

sources had decreased substantially; and the degradation of the global environment was adding a further dimension to the development problem.

50. His delegation recognized the need for appropriate structural adjustment but believed that the need applied to the major developed equally with the developing countries. The contractionary policies of the industrialized economies after the second oil shock had pushed the growth rate of developing economies below the rate of population growth for the first time since the Second World War, and the deflationary policies of those countries in the early 1980s had led to a decline of growth rates and stagnation of their demand for developing-country exports. Monetary restraint to control inflation had caused a phenomenal rise in nominal and real interest rates, exacerbating debt servicing problems. The large domestic and international imbalances of major developed countries had significantly distorted the flow of the world's investible surplus. Many developing countries had become net suppliers of resources to developed countries.

51. Structural adjustment programmes in developing countries had been sharply criticized for concentrating on a narrow set of objectives, and for ignoring political, economic and social costs and the need to maintain an essential minimum of investment in infrastructure and human resources. The time-frame was often too short. Success depended on the programmes' compatibility with the medium- and long-term growth perspective of developing countries and on adequate investment flows. Even so, in a highly interdependent world, external factors could often derail well formulated and well executed adjustment programmes.

52. Acceleration of growth called for a supportive international environment, including increased net resource flows to the developing countries, mostly on concessional terms. There was also a need for joint national and international efforts to achieve high rates of investment throughout the developing world.

53. The reactivation of growth would also depend on finding a solution to the debt overhang which would necessitate a substantial reduction in all debt obligations of the developing countries. There must also be fairer trading opportunities for them, and an equitable arrangement for compensation for shortfalls in commodity export earnings and for assured transfer of technology.

54. The lesson had been learnt that deterioration in the environment had serious implications for the development process. At the same time poverty itself led to over-use of the immediate environment in order to survive. The ecosystem was no respecter of State boundaries and its problems had to be dealt with at national, regional and global levels.

55. There was urgent need to strengthen economic co-operation. Policy co-ordination by developed countries had led to better management of their growing interdependence and such co-operation must be extended to take into account the growing global economic interdependence, which bound together the developed and the developing countries. The entire United Nations system had an important role to play in that regard. There was a close link between the special session of the General Assembly in 1990, the Second Conference on Least Developed Countries and the formulation of the new international development strategy. He expected that the creation of a single European market in 1992 would benefit the developing world by the removal of protectionist barriers. More than ever before there was need for unity of purpose in pursuing the goal of growing international economic co-operation.

56. Mr. EJIGU (Observer for Ethiopia) said that, as Chairman of the 15th meeting of the Conference of African Ministers responsible for Economic Development and Planning and of the Joint Meeting of African Ministers of Finance and Ministers of Planning, held at Addis Ababa in April, he wished to report to the Council on the outcome of the two meetings.

57. The African Alternative Framework for Structural Adjustment Programmes for Socio-economic Recovery and Transformation, adopted by the Conference in its resolution 676 (XXIV) of 7 April 1989, had in effect been commissioned by the General Assembly and should be seen as providing the scaffolding within which securely grounded structures of sound social and economic development could be erected. The Framework reflected Africa's appreciation for United Nations efforts in highlighting the troubles afflicting the continent and providing a framework for debate, mutual assistance and economic aid to Africa.

58. The United Nations Programme of Action for African Economic Recovery and Development, 1986-1990, adopted by the General Assembly in its resolution S-13/2 of 1 June 1986 (UNPAAERD), had encouraged African nations to look more closely at their methods of management and techniques of production, and helped bilateral and multilateral donors and United Nations agencies to reassess their development experience. The International Conference on the Human Dimensions of Africa's Economic Recovery and Development, held at Khartoum from 5 to 8 March 1988, had been a landmark in the exchange of views on structural adjustment programmes. It was realized that economic restructuring was a lengthy and expensive task. Debt rescheduling, the conversion of loans into grants and attempts to increase the overall aid flow to Africa—although still far short of targets—were proof of the growing appreciation of the enormous cost of economic adjustment. It was also realized that time was running out. Prompt action had to be taken to conserve scarce resources, consolidate production structures and build a new vision of Africa in the coming decade.

59. African nations were learning to monitor the economic and social consequences of alternative growth strategies, and there had been vigorous debate at the highest levels of government and of the multilateral agencies on such central issues as international commodity prices, access to overseas markets, and income distribution in Africa in the 1970s and the 1980s. Many of the

issues tackled in the Lagos Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa had again come to the fore, including such critical questions as food self-sufficiency, technological progress, the efficient use of domestic and natural resources and the regional integration of markets. Those concerns were currently being voiced by many Governments which were convinced that short-run pressures of debt repayment and monetary balance were beginning to obscure deeper, structural issues.

60. Dissatisfaction with traditional structural adjustment mechanisms had led to a search for more tolerant and empirically convincing frameworks for economic transformation. At the heart of the Framework lay the view that there was no single economic truth applicable to all situations, and that Africa must borrow from the best of several theoretical traditions. Theories of economic growth and distribution emphasizing demand management and prudent State intervention, especially in the sphere of fiscal policy or public investment, which had held sway even in the developed countries until recent years, were still relevant to the pursuit of sustained economic growth for developing African economies.

61. The Framework did not support the idea that the market, left to itself, could bring about an efficient, as well as socially equitable, distribution of resources. That was the result of some historically specific features of African economies, such as the fragmentation and even non-existence of markets, non-involvement of large sections of the population in the market, climate shocks that produced large, and often localized, variations in supply and demand, and unrelenting population pressure. What was needed was steady, patient action to remove technological and institutional constraints so that Africa could look forward to sustained growth with social progress in the coming decade.

62. The Framework went on to formulate key development objectives for Africa, drawing heavily on the Lagos Plan of Action, the overriding aim being to achieve national and regional self-reliance in a cycle of self-sustained development, the key element in which was self-sufficiency in food production. A second aspect of self-reliance was regional integration of the growth process, called in the Framework the "endogenization" of development. The Framework did not espouse narrow isolationism but spelt out the need to develop African markets, to improve local technologies by promoting a regional division of labour, and to foster the growth of potentially cost-efficient infant industries.

63. In considering existing structural adjustment programmes, the Conference had had misgivings about the weight given to sound monetary management because it had felt that structural adjustments did not go deep enough. It had had reservations about the rapid lifting of foreign trade controls and the domestic free market, arguing for a more balanced approach to the State and the market. The Framework concluded that structural adjustment programmes had not performed as well as had been expected and their cost in human suffering had been high.

64. The basic approach of the Framework was to seek a much closer integration of social and economic factors. The emphasis was on simultaneous fulfilment of the objectives of strengthening production structures, improving income distribution and altering consumption and production patterns. The overall message was that economic management measures must be balanced. The Framework went on to provide policy directions for national programmes. It ruled out measures such as generalized devaluation, total import liberalization or doctrinaire privatization. It favoured land reform and the allocation of at least 20 to 25 per cent of total public investment to agriculture, preferential credit to food production and investment codes to promote small-scale industries.

65. The final part focused on strategies and monitoring. The former went from national programme design to grass-roots consultations, involving governmental and non-governmental measures, the placing of national programmes within a regional context to avoid conflict and duplication, and national monitoring systems. The envisaged economic transformation process went to the very roots of economic and social organization, envisaging a more comprehensive and balanced transformation than the orthodox adjustment programmes. It thus showed that Africa welcomed structural change, provided that it met the joint needs of production, income distribution and self-reliance.

66. A number of African countries had begun to think of development strategies for the coming decade. Ethiopia had initiated a number of measures aimed at food self-sufficiency, from a national food and nutrition strategy to the more recent disaster prevention and preparedness strategy, as well as a national population policy. There had also been moves, during the past two years, towards greater decentralization in decision-taking. Such innovative approaches were taking place in most African countries.

67. The Framework was a device for bringing together Governments, donors and international agencies in the common task of improving the quality of life of ordinary Africans in the 1990s and beyond. The universal approval it had received in various conferences of ministers showed that African Governments were prepared to do everything possible to tailor their own development programmes to the Framework.

68. The Council's endorsement was a pre-condition for its effective implementation. Its success would depend on the mobilization of international financial support for the relevant programmes, involving not only larger aid flows but the removal of loan conditionality and the promotion of special assistance for the least developed African countries, as well as measures to improve international trade conditions, backed by effective international commodity agreements.

69. Africa's economic transformation must become an integral part of the international development strategy

for the fourth United Nations development decade. Attention to the continent's economic problems must not be allowed to evaporate when UNPAAERD came to an end in 1990. The emerging development consensus, and the adoption through the Framework of a more comprehensive approach to economic and social transformation in Africa, made conditions ripe for creating additional momentum, in which all participants would be assured of an effective role. He urged the members of the Council to give the Framework their unreserved support.

70. Mr. BAYART (Observer for Mongolia) said that, according to the *World Economic Survey 1989*, world economic growth had attained 4.3 per cent in 1988 and growth in world trade had been slightly over 8 per cent. In most parts of the world average incomes had continued to rise, although the target of the International Development Strategy for the Third United Nations Development Decade of raising GDP by 7 per cent had not been reached. As pointed out by the Observer for Malaysia on behalf of the Group of 77 (18th meeting), the growth had failed to reach many developing countries, particularly those in Africa and Latin America. The situation reflected the severe world structural imbalances inherited from the past and the widening of the economic gap between developed and developing countries.

71. Growing world interdependence meant that trade, budget and currency fluctuations in one place adversely affected the entire world economy and, in particular, increased the developing countries' net transfer of scarce resources. An alliance must be forged among all Governments to remove protectionism and unilateralism and to reduce the developing countries' external debt, bearing in mind that structural adjustment programmes had had limited success, and sometimes resulted in adverse social consequences. As the Foreign Ministers of the Group of 77 had pointed out at their meeting held at Caracas from 21 to 23 June 1989,[2] growth in the world economy could be lasting and self-sustaining only if all its constituent parts grew in harmony. The existence of under-utilized capacity in developed countries and vast potential demand in the developing countries called for a substantial injection of purchasing power into the developing world.

72. The overall lessening of political tension, progress in nuclear disarmament and the settlement of a number of regional conflicts provided an opportunity for economic and social progress, including urgent measures to remedy existing structural imbalances, improve world trade and alleviate the developing countries' debt burden, which currently exceeded $1,300 billion. The convening of the special session of the General Assembly in 1990 and the preparation of an international development strategy should provide a focal point for multilateral approaches to international economic co-operation.

73. Environmental degradation was an issue in which the life of future generations was at stake. Mongolia whole-heartedly supported the United Nations conference on environment and development to be held in 1992 and attached great importance to the ministerial-level conference on the environment in the ESCAP region, to be convened at Kuala Lumpur in May 1990. Mongolia's initiative, advanced at ESCAP's forty-fifth session, to create a regional centre for Asia and the Pacific on environment and to work out a common strategy for environmental protection in the region would be one of the topics taken up at the conference. His delegation, like that of Thailand (19th meeting), supported the concept of regional co-operation, especially in preventing and responding to the consequences of natural disasters within the framework of the international decade for natural disaster reduction.

74. The task of revitalizing the Council was an issue of common concern. Action was needed to make the Council more responsive to the challenge of development in the coming years, enabling it to exercise its functions and powers pursuant to the Charter of the United Nations. His delegation, while fully concurring in the provisions of Council resolution 1988/77 of 29 July 1988, stood for the universalization of the Council and the holding of a single consolidated regular session, instead of two, at Headquarters.

75. Mr. ELARABY (Observer for Egypt) said that the world was currently experiencing a period of détente. Peace was clearly indivisible, and indispensable as a prerequisite to the prosperity which was the right of all. The experience of the previous decade had surely brought home to all that the destinies of all nations were interdependent and from it a common aim had developed to promote a climate which fostered development everywhere, especially in the developing countries, and alleviated the latter's debt burden.

76. One fact that emerged from the documents before the Council was the fall in per capita income in third-world countries, especially in Africa, Latin America and western Asia. The developed countries had to shoulder the major responsibility for the underlying imbalances and must do more to adopt policies aimed at fostering the developing countries' growth. In the current unfavourable international economic climate the developing countries' own efforts, essential as they were, were not sufficient in themselves and it was unjust that the developing nations should bear the consequences of the more advanced nations' policies and practices.

77. The question of developing-country indebtedness was of overriding importance. While the developing countries realized that they must undertake structural adjustment measures, the possible social and political consequences could not be overlooked. The strategies adopted to prevent the world monetary system from collapsing had done little or nothing to alleviate the developing countries' problems. Although the Baker plan and the Brady initiative had been welcome, little had been done to deal with the public indebtedness of the low- and middle-income developing countries. At the same time investment patterns had been distorted by the flow of funds to certain developed countries and foreign invest-

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[2] See A/44/361, annex.

ment in the developing countries, especially in Africa, had substantially declined.

78. In recent years, the developing countries had suffered from deteriorating terms of trade and the situation had been aggravated by their efforts to reduce inflation, which had reduced their export-earning capacity. Although price levels had improved somewhat in 1987 and 1988, current projections suggested that the improvement would not last. It was to be hoped that the newly inaugurated Common Fund for Commodities would prove successful.

79. In pressing for the liberalization of international trade in foodstuffs, and the abolition of food subsidies to producers, Governments should bear in mind the difficulties food-importing developing countries would face if subsidized exports were not available. Arrangements for supplementary assistance might be considered. The substantial decline in world food stocks was having an impact on international food security, as had been recognized in the Cairo Declaration.[3] The GSP for developing countries was a welcome development.

80. Egypt's interest in environmental protection was evidenced by President Mubarak's participation at The Hague conference of March 1989 on environmental protection and by Egypt's participation in recent agreements on the transport of hazardous cargoes, including toxic waste. Protection of the environment for the sake of mankind's future was the responsibility of all, but the onus lay chiefly on the advanced industrialized States because of their past unbridled exploitation of resources. It must be ensured that measures were flexible enough to reflect differing national situations and did not impose undue constraints on the economic growth of the developing countries.

81. The gulf between the rich North and the poor South continued to widen. The developed countries should assume greater responsibility for closing the gap on moral grounds and in the knowledge that poverty, backwardness and instability in any region was a threat to peace and prosperity everywhere.

82. Mr. WANG Baoliu (China), speaking in exercise of the right of reply, said that his delegation had noted with regret the groundless remarks made by one delegation earlier in the meeting, on a matter dealt with by a reply already made by the Chinese delegation, and also the lengthy allegations made by an observer. His delegation rejected the allegations as utterly unwarranted. The facts of the matter referred to were that, on 3 and 4 June 1989, a violent rebellion had occurred; a small number of rioters had stormed party and government offices, looted stores, set up road blocks and seized firearms and ammunition. Buildings and more than 1,000 military, police and public vehicles had been set on fire. More than 6,000 martial law enforcement personnel had been wounded and dozens killed. The rioters' aim had been to topple the Government, overthrow the social system and subvert the People's Republic of China. The wanton use of violence, jeopardizing life and property, in order to undermine public order and stability, were serious criminal offences. In order to maintain the Constitution, uphold law and order and defend public safety, the forces of martial law had been forced to take measures to put down the rebellion. Such measures were entirely justified. There had been no question of repression or violation of human rights. The action taken to deal with lawbreakers according to the law was entirely an internal affair of China, in which no foreign countries or international organizations had the right to interfere.

83. China, as a permanent member of the Security Council, was well aware of its responsibilities and duties, and had always adhered to the principles and provisions of the Charter of the United Nations. It could not, however, tolerate any attempt to interfere in its internal affairs. China would continue to pursue its policy of economic reform and to provide increasing openings to the outside world. The Chinese people was determined to march unswervingly ahead along that road.

The meeting rose at 1 p.m.

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[3] See 21st meeting, footnote 1.

23rd meeting

Monday, 10 July 1989, at 3.10 p.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.23

AGENDA ITEM 2

General discussion of international economic and social policy including regional and sectoral developments (*continued*)

1. Mr. JABER (Executive Secretary, Economic and Social Commission for Western Asia) observed that the Council was meeting at the dawn of a new era in international détente and that the United Nations had been entrusted with the noble task of helping to resolve a number of regional wars and conflicts. In August 1988, the long and costly war between the Islamic Republic of Iran and Iraq had come to an end and there were grounds for hoping that, under the auspices of the United Nations, a lasting peace would finally prevail. The *intifada* in the occupied Palestinian territories and the declaration of a Palestinian State, which had received world-wide support, had brought the Palestinian question to the forefront again, and underlined the necessity for ending the Israeli occupation. Unfortunately the conflict in Lebanon had escalated. He hoped that the good offices of the League of Arab States would succeed in bringing peace, independence and unity to that unfortunate country.

2. With regard to economic developments, the ESCWA region was still subject to economic stagnation. In the overall performance of the region's economies, there had been only marginal progress. The growth in GDP was estimated at 1.3 per cent, compared to 2.5 per cent in 1987. Given the region's relatively high population growth (2.6 per cent), per capita GDP had continued to decline. The dominant factor in the region's economy had been the fall in oil prices, from $17.5 a barrel in 1987 to $14.0 in 1988. Although production and exports had increased by 24 per cent in 1988 in comparison with 1987, the increase had not been sufficient to compensate for the decline in oil prices.

3. The region had however made progress in two important sectors, industry and agriculture. The industrial sector had been even more dynamic in 1988 than in 1987, particularly in Egypt and Lebanon, but also in most Gulf Co-operation Council (GCC) countries. In the banking sector the situation had improved remarkably. Thanks to the bold measures taken by several GCC members, it had been possible to contain the debt problem that had threatened the sector. Tourism had contributed significantly to the foreign exchange earnings of several countries, primarily Egypt and to a lesser extent Bahrain and Jordan. The recovery of the construction sector, which had begun in 1987 after several years of contraction, had continued in 1988. Nevertheless, in the region as a whole the sector was not expected to contribute to economic growth to the same extent as in the 1970s and the first few years of the 1980s.

4. The fall in the oil revenues of the major oil-exporting countries had led to a steep decline in their financial resources and prompted some of them to resort to internal and external loans and reduce their aid to developing countries. Most ESCWA countries had experienced increasing current-account deficits. In order to finance their balance-of-payments deficits, the GCC countries had continued to draw on their foreign currency assets while others had been forced to increase their external debts to obtain foreign exchange. In consequence the external debts of a number of countries in the region had increased, imposing constraints on their economic and social development. In addition, inflation continued to place pressure on a number of countries, although it was still fairly moderate compared with inflation rates in other parts of the world. Labour-sending countries had experienced difficulties because of reduced work opportunities for their workers abroad. Remittances had declined and unemployment increased.

5. In order to cope with those problems, the countries of the region had taken a number of adjustment measures in recent years: more realistic exchange rates, appropriate monetary and fiscal policies, greater incentives to both the agricultural and industrial sectors and a greater role for the private sector in the national economies. Efforts to encourage the private sector had intensified, particularly in Egypt, Iraq, Kuwait and Saudi Arabia and to a lesser extent in the other countries. In Egypt, the curtailment of imports and the liberalization of many restrictions previously imposed on the agricultural sector had helped the private sector to increase the production of light industrial products and agricultural commodities. Member States had tended to rationalize the public sector in varying degrees and to define its role in national development more precisely. The ESCWA secretariat had prepared a working paper on the topic, which had been submitted to the Commission at its fifteenth session, held at Baghdad on 17 and 18 May 1989.

6. The end of the war between the Islamic Republic of Iran and Iraq was likely to have a considerable impact on economic and social development in the region. For eight years, the war had swallowed up valuable human and financial resources and its ending had brought a

great sense of relief and hope. It was possible to look forward to higher rates of development in a stable economic and political environment. The region urgently needed to bring an end to the war in Lebanon and to reach an equitable and lasting solution to the Palestinian question.

7. Another significant development in 1989 had been the agreement reached by OPEC on new quotas, which had led to an improvement in prices and an increase in the revenues of most oil-exporting countries that would be reflected in improved balance-of-payments positions, increased government revenues and the overall expansion of economic activities in the region. In February 1989, the Arab Co-operation Council, composed of Egypt, Iraq, Jordan and Yemen, had been formed, giving a clear indication of the importance those countries attached to mutual economic co-operation and integration, which could be expected to help the region as a whole to achieve its economic objectives.

8. During the 1980s, the region's social development had been affected by significant changes in the oil sector and by continuing armed conflicts. The social cost had been heavy. In addition to casualties, displacement and migration, the cohesion of the family, the role of women in society and work opportunities had been affected and in some areas the educational, health and housing infrastructure had been impaired. ESCWA was responding to the increased needs, as could be seen in its programme of work and priorities for 1990-1991 and its medium-term plan for the 1992-1997 period, which paid particular attention to issues of social protection, the needs of the disabled, the participation of women in development and the environment.

9. ESCWA was particularly interested in the forthcoming major international conferences, the special session of the General Assembly in 1990 devoted to international economic co-operation, in particular to the revitalization of economic growth and development in the developing countries, the United Nations Conference on Environment and Development and the Second United Nations Conference on the Least Developed Countries, as well as in the preparation of the international development strategy for the fourth United Nations development decade. It was preparing to hold regional conferences on those events to encourage a unified regional approach in conjunction with the League of Arab States.

10. At its fifteenth session, the Commission had adopted several resolutions reflecting its determination to strengthen its role as a focal point for the promotion of regional development and integration. He intended to visit the capitals of the member States to discuss with officials the best means of enabling ESCWA to play its role as a catalyst for regional socio-economic co-ordination and integration. An advisory body comprising the heads of the diplomatic missions of member States accredited to Iraq would meet regularly to consider those questions.

11. Mr. HINTEREGGER (Executive Secretary, Economic Commission for Europe) noted that much had been made recently of President Gorbachev's plea for a "common European house" and President Bush's rejoinder that such a house also included the North American continent, which shared a common European history and cultural heritage. ECE embodied the concept of such a "common European house" in the broader sense which both world leaders were suggesting. For more than 40 years the countries of Eastern and Western Europe and the United States and subsequently Canada had co-operated to produce brick after brick for the construction of the common dwelling of ECE, which had weathered storm and cold and had served as the only permanent intergovernmental forum for East-West multilateral economic co-operation and an instrument for a constructive dialogue in the interest of all its member countries. The idea of European co-operation including the United States and Canada had been underscored by CSCE and ECE had served as the key instrument for the implementation of CSCE agreements in the area of economic, scientific and environmental co-operation.

12. The positive trends in East-West relations in recent years had fortunately continued, and there were clear indications that the dialogue would be pursued in the interests of the region and of the world as a whole. Contacts at the highest level between the countries of Western Europe and the Soviet Union and East European countries were intensifying within the framework of the CSCE follow-up meeting held at Vienna. There was clear evidence of the political will of the participating countries to promote East-West co-operation in many critical areas, as was shown by the "second basket" of the Vienna Concluding Document. The signing of a Joint Declaration by the EEC and CMEA in June 1988 had also strengthened East-West relations. In particular it had opened the door to direct co-operation between individual CMEA countries and the Community. Two bilateral trade agreements had already been signed and others were under negotiation.

13. Over the previous year the movement towards a single market within the framework of the Community had made substantial progress. The benefits of a unified but open market in Western Europe were considerable and extended beyond the member countries. A more dynamic European market would provide a stimulus to the global economy. However, the single market had also raised questions as to the possible diversion of trade away from non-member countries, a threat which accounted for the increased efforts to define the relationships of the Community with EFTA and CMEA countries, as well as with developing countries. At the same time the United States and Canada had recently concluded a free trade agreement that would have a significant impact on the two countries and also internationally.

14. CMEA remained an important framework for multilateral co-operation and economic integration for its member countries. Co-ordination of the countries' five-year plans continued, principally on the basis of bilateral trade agreements. However, that framework appeared no

longer to satisfy all member countries, particularly those which were strongly reform-oriented, and there was a manifest desire to develop a practical mechanism for the multilateralization of trade and payments among member countries. Reform policies in the European centrally planned economies had recently gathered momentum. In addition to Hungary and Poland, where far-reaching reform had been under way for several years, economic restructuring policies had assumed particular prominence in the Soviet Union. The broad objectives of the reform process embraced the legal and political systems and *perestroika* had become an international byword for a far-reaching transformation of society. The ECE secretariat, in keeping with the nature of its mandate, had been a catalyst for discussion. An international symposium on the reform process had been organized in 1988 focusing on the overall framework of economic reforms, the role and functioning of enterprises and economic policy aims and their implementation. That initiative had been well received and the first issue in a new ECE economic series on economic reforms in the European centrally planned economies, containing the results of the symposium, had recently been released. Two future symposiums were planned. One would focus on mechanisms for transforming external economic relations, and the other would be devoted to internal aspects of economic reforms.

15. Notwithstanding the stock market crash of October 1987 and the ensuing turbulence in financial markets, output had grown by almost 4 per cent in the ECE countries. The centrally planned economies had also achieved output growth of 4 per cent, although the declining demand in the Soviet Union for imports from Eastern Europe and the low competitiveness of Eastern products in Western markets had affected overall growth in Eastern Europe. East-West trade had been buoyant in 1988 against the background of an improvement in the international political climate, the multiplication of official and business contacts between East and West and measures by several Eastern European countries to reform their systems of economic management.

16. With regard to ECE's current activities, which had for many years provided an effective framework for the elaboration of legal and regulatory instruments, he noted that, by its decision E(44) of 21 April 1989, the Comission had adopted the Charter on ground-water management. ECE was also making efforts to cope appropriately with environmental emergencies in a transboundary context. With the co-operation and financial support of UNEP, work was advancing on a code of conduct on accidental pollution of transboundary inland waters. Progress had also been made in the implementation of the 1979 Convention on Long-Range Transboundary Air Pollution. In the transport field, a draft convention on civil liability for damage caused during the carriage of dangerous goods by road, rail and inland navigation vessels deserved mention. A comprehensive study of the future of rail transport and an agreement concerning a European network of important international combined transport lines were being prepared and would contribute to creating a coherent international rail transport system covering the whole of Europe. Decisions at ECE's forty-fourth session which were directly relevant to global programmes of the United Nations included the topics of climate change, earthquake prediction and women. ECE had also engaged in work of interest to the business community, such as the Meeting of Experts on East-West joint ventures held in Genoa in March 1989.

17. Turning to the report of the World Commission on Environment and Development (Brundtland Commission),[1] he said that ECE was well qualified to respond to some of the challenges contained in the recommendations for international and intersectoral co-operation, because of its expertise in most areas covered by the report. The Secretary-General's report on regional co-operation (E/1989/96) provided a review of past activities in that area and proposals for interregional co-operation. The Commission desired to find ways and means of sharing its experience in the area of trade facilitation with others. In that connection, a gradual approach geared to the different needs and specific conditions of the various regions would seem to be appropriate. The medium-term plan for 1992-1997 allowed ECE to outline its strategy for the 1990s and to define its potential as the only permanent intergovernmental body for East-West co-operation in circumstances of dynamic change in the region and a growing improvement of East-West relations.

18. He considered that on the threshold of the last decade of the century ECE was in a position to take up new challenges and apply innovative methods of work making greater use of its considerable potential. Pursuant to its mandate it would primarily focus on economic relations among countries in the region with different economic and social systems while nevertheless performing an essential role for all States Members of the Organization.

19. Mr. KIBRIA (Executive Secretary, Economic and Social Commission for Asia and the Pacific) said that the region's developing economies were on the whole well positioned to meet the challenges of the 1990s and the twenty-first century. The Asian-Pacific countries had maintained remarkably vigorous rates of expansion, with GDP growth averaging over 7 per cent a year during the previous two years. The outlook for 1989 was somewhat less promising because of problems of modernization in some countries. Even so, it seemed more or less certain that growth would continue at a satisfactory rate.

20. Two major shortcomings needed to be addressed at both the international and national levels. First, the region's growth in the 1980s had been very uneven. Much of the region's dynamism was attributable to the few middle-income developing economies, while most of the remaining countries, in particular the least developed and small Pacific island countries, had experienced very slow and even negative growth. Because of periodic natural disasters and high population growth rates, incomes had declined and living conditions had worsened

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[1] A/42/427, annex.

in most of those countries during the 1980s. In 1986, average per capita GNP had amounted to one seventy-third of average per capita income in the industrialized countries.

21. Second, there had been growing dissonance between economic growth and the way its fruits had been used to raise living standards in the region's developing countries. Improvements had often been disappointingly slow in such important quality-of-life indicators as infant survival, adult longevity and literacy. Shortage of resources unfortunately prevented a number of the region's developing countries from investing in health care and education, but it was unfortunate also that such investments were given low priority in a number of poor countries. Investments in health and education were not merely expenditure on human welfare, but also sound investment in development. About 600 million people were trapped in absolute poverty in the region, without food, shelter and clothing. Illiteracy and malnutrition were widespread and it was particularly appalling that some 5 million Asian children perished each year from dehydration and preventable diseases.

22. The region faced another problem in the exodus of rural populations to towns resulting from the near-saturation of agriculture and the attraction of towns for jobless migrants. Even relatively prosperous cities such as Bangkok, Bombay, Manila and Jakarta were facing the blight of mushrooming slums and homeless throngs camping on city pavements. Most Asian metropolises were doubling their populations in the last two decades of the century and 10 of them were expected to exceed 10 million inhabitants. In addition to the crisis in the cities, which was accompanied by mounting unemployment and crime, alarming environmental deterioration and depletion of natural resources were causes of concern. Deforestation and urban pollution were particularly serious problems. The widening technological gap affecting most countries in the region was a threat to the development process and would be difficult to bridge. Other pressing concerns were the modernization and development of the transport and communications infrastructure, the expansion of food production and the continuation of efforts to curb excessive population growth.

23. The region occupied a central position in the world economy. Over the past two years, expanding world trade had been a key factor in the development of a number of countries, which had successfully adjusted to changes in the external environment and seized new trading opportunities. However, some countries, in particular the least advanced and the Pacific island countries, did not possess the same ability to adjust. In the face of mounting protectionism and emerging Western trade blocs, even the more diversified export-oriented countries had difficulty in finding new markets. Low-income countries were handicapped by the persistent weakness in commodity prices and inadequate concessional inflows of capital. Those difficulties had encouraged the region's developing countries to give closer consideration to the possibilities of increasing regional co-operation. Complementarities and interdependence within the region provided a strong impetus to intra-regional trade and investment. Those developments had given rise to a new international division of labour which had considerably facilitated the task of restructuring the region's developing economies.

24. As at its three previous sessions, the Commission had given high priority to the long neglected need to take a humanistic approach to development. The focus had been on implementation of the Jakarta Plan of Action on Human Resources Development, unanimously adopted in 1988. The secretariat had taken the initiative in formulating a portfolio of intersectoral project profiles in support of national efforts. A pioneering human resources development project had been launched earlier to undertake a detailed country-by-country survey of the region's quality of life.

25. The Commission's growing responsiveness to social concerns had been reflected in three of the five resolutions adopted. One commended the secretariat's launching of a project to formulate a regional social development strategy which Governments were expected to adopt in 1991. Another urged Governments to participate actively in the World Conference on Education for All to be held in 1990 in Bangkok. The third requested ESCAP to assist members to prepare to effectively fulfil the objectives of the International Decade for Natural Disaster Reduction through the ESCAP/WMO Typhoon Committee and the Panel on Tropical Cyclones.

26. Although ESCAP's assistance activities remained modest, they were striking responsive chords in the Commission's developing member countries, as witnessed by the markedly increased participation of the Pacific island countries in the 1989 session. The Commission was moving to substantially strengthen the ESCAP Pacific Operations Centre in Vanuatu. It was deeply grateful to donor countries (17 in all, 12 of them developing) which had pledged extrabudgetary contributions at an encouraging level representing a significant increase (more than 26 per cent) over the previous year. The Commission wished also to thank UNDP which was helping it improve development management in the region and with which it was in close consultation. In view of the diversity of development experience in the region, in regard both to results and to the means adopted, the Commission intended to pay proper attention to the real problems of economic, social and even political deprivation that growth was meant to remedy, as well as to popular pressures for a more equitable share of the fruits of growth and more direct participation in the development process.

27. Mr. ROSENTHAL (Executive Secretary, Economic Commission for Latin America and the Caribbean), outlining economic trends in Latin America and the Caribbean during 1988 and the first part of 1989, said that the most significant fact was that the crisis had persisted and in many countries had worsened. Per capita GNP had fallen by 1.5 per cent overall with the result that average per capita GNP at the end of 1988 had barely reached the level attained 10 years earlier. The situation differed substantially from country to country

and in a few countries there had even been a slight recovery in recent years.

28. Economic stagnation had been coupled with rapidly accelerating inflation. In 1988 the average rate of consumer price increases in the region had risen to an unprecedented 530 per cent, virtually double the very high level recorded in 1987. The trend seemed to have strengthened during the first half of 1989, particularly in Argentina, Brazil and Peru, although there had been some exceptions, notably Mexico and Bolivia. In many countries the economic crisis, which had persisted for eight years in a row, had resulted in a recrudescence of social conflict due to declining real wages. In face of the financial crisis and debt-related macro-economic imbalances, economic policy-makers had little margin for manoeuvre.

29. One new development had been the strong surge of exports by many countries in the region and the recovery in the prices of most non-fuel commodities. The improvement had done little to strengthen import capacity as increased export income had mainly gone to finance the growing transfer of resources from the region. The rise in exports had been offset by the reduction of net capital inflows and the higher external debt-service burden. In consequence, the outflow of financial resources had risen for the seventh consecutive year to a total of almost $30 billion in 1988. Short-term growth had been blocked and the capital formation essential for sustained long-term economic growth had been severely reduced. In other words, the 1980s as a whole had been inimical to the development of most countries in the region and there had been no sign in recent months of any reversal of that trend.

30. The peoples and Governments of the region were primarily responsible for taking action to ensure that the situation did not continue into the 1990s. At the same time the action by individual countries needed the backing of an improved international environment in which countries had better access to markets and financial resources. External debt was the central issue in discussions and in negotiations between Latin American and Caribbean countries and the developed world, in particular the creditor countries. In that context, there had been hopeful developments in the closing months of 1988 and early 1989. The positions of some of the main debtor and creditor countries seemed to have moved closer together, notably in negotiations through the permanent machinery for political consultation and co-operation provided by the Rio Group. The recent initiatives by creditor countries, including the plan announced by the Secretary of the United States Treasury, tended to strengthen the link between external debt and trade and to recognize the need for debt reduction, implicitly recognizing that most countries in the region were over-indebted. For the first time, the industrial countries appeared also to acknowledge the need for the costs of adjustment to be equitably shared by creditor and debtor countries. He hoped the agreement in principle would lead to concrete agreements to alleviate the debt-servicing burden of the countries of the region.

31. Describing ECLAC's main activities since July 1988, he said that the Commission's theoretical work and operational activities had been directed towards assisting Governments to cope with the crisis. As the Commission's sessions were biennial, the Committee of the Whole had met and, with the Committee of High-Level Government Experts which had met earlier, had made a contribution to preparations for the new international development strategy for the fourth United Nations development decade. Another noteworthy intergovernmental meeting in 1988 had been the Fourth Regional Conference on the Integration of Women into the Social and Economic Development of Latin America and the Caribbean, held in Guatemala from 27 to 30 September 1988. The secretariat had continued its work under the regular programme for the 1988-1989 biennium. In particular, it had published the *Panorama Económico*, describing economic developments in nine countries in the region in the first half of 1989, the *Preliminary Overview*, published in December, which provided a preliminary assessment of the economic development of all the countries in the region over the year and the *Economic Survey 1988*, which provided a more detailed analysis. It had produced periodic reports on changes in the external debt problem, which included a number of suggestions.

32. In addition, ECLAC had continued its multisectoral and multidisciplinary activities. The latter were often carried out in co-operation with specialized agencies and United Nations organizations including FAO, UNIDO, HABITAT, UNEP, the United Nations Centre on Trans-national Corporations and UNCTAD. In addition, ECLAC had maintained close working relations with UNFPA, which had supported the Commission's population activities for many years. It also worked with UNDP in the implementation of a number of regional projects.

33. The Latin American Institute for Economic and Social Planning (ILPES) had continued to provide consultancy services to the Governments of member States and training for high-level national officials. In 1988, the Latin American Demographic Centre (CELADE) had stepped up its work in preparation for the 1990 population censuses with a view to enhancing regional self-reliance in that field. In recent years, the secretariat had given considerable attention to intraregional co-operation in conjunction with bodies such as the Latin American Integration Association (ALADI), the Central American Common Market and the Caribbean Community (CARICOM). Over the same period, ECLAC had strengthened its joint activities with the Latin American Economic System (SELA).

34. Concluding his outline of ECLAC's co-operation activities, he mentioned that in 1989 the Commission had hosted the annual meeting of the executive secretaries of the regional commissions, during which significant progress had been made towards closer links between the five commissions and better co-ordination of their activities.

35. Referring to the grave financial difficulties which ECLAC and the whole United Nations had had to face,

he said that the Commission had been able successfully to carry out the activities mentioned through internal redeployment of functions and resources and the reduction in 1988 of the high proportion of vacant professional posts thanks to support from Headquarters and from ECLAC's member countries. As a result, the vacant posts had been temporarily filled by staff on short-term contracts. In addition, ECLAC had been able to begin recruiting staff for its substantive departments.

36. ECLAC viewed the future with confidence and with the conviction that it would be able to carry out the priority tasks assigned to it by the Governments of its member countries. Its optimism was strengthened by its sense of belonging to a great organization which had recently had a further opportunity to demonstrate its capability. In that connection, he mentioned that 24 ECLAC officials were participating as volunteers in the United Nations operation in Namibia.

37. Mr. ADEDEJI (Executive Secretary, Economic Commission for Africa) said that in spite of a slight improvement in GDP growth, which had risen from 1.7 per cent in 1987 to 2.3 per cent in 1988, the economic and social situation in Africa remained critical. GDP growth was still below the rate of population growth (3 per cent), indicating a further decline in average incomes and quality of life in the region, and the number of countries with GDP growth rates below 3 per cent had increased, while the number of countries with rates over 3 per cent had fallen.

38. GDP growth in 1988 had been almost solely attributable to the agricultural sector, which had benefited from good weather and the reforms advocated in UNPAAERD. The improvement had been far from uniform. Many areas were still seriously affected by drought and there were still substantial food deficits. The performance of other sectors had been mixed in 1988. Growth in manufacturing had remained weak and erratic and the oil sub-sector had been adversely affected by falling prices. In the mining sub-sector there had been a boom in metal prices, but major mineral exporters such as Zaire and Zambia had been unable to benefit fully from the upswing because of production and transport difficulties.

39. As indicated in paragraph 8 of the "Summary of the survey of economic and social conditions in Africa, 1987-1988" (E/1989/68), domestic demand had grown by only 1.5 per cent in 1988. Overall private consumption had risen by 2 per cent but in per capita terms the decline, which had begun in 1980, had continued, resulting in a cumulative decline of about 20 per cent in 1988. Capital formation had declined over the decade, the rate having fallen from 21 per cent of GDP in 1980 to only 15.6 per cent in 1988. The result had been deterioration of the capital stock and a fall in the productivity of capital.

40. The deficit on current account had increased in 1988, mainly because of falling commodity prices and steadily rising import prices. Africa's external debt had grown worse and, because of the stagnation in the flow of external resources, Africa had become a net exporter of capital. To a large extent, the predicament faced by the African economies had arisen from their excessive external exposure and the dependence of many of them on the export of a limited number of commodities. The continued slack demand for Africa's commodity exports and depressed prices had hampered the growth of export earnings. The classical approach had been to use commodity agreements to stabilize supply and demand. Unfortunately, those mechanisms had been ineffective. The compensatory financing facilities set up to alleviate the balance-of-payments problems of countries with declining export earnings had also been inadequate. The African countries accordingly eagerly awaited the recommendations of the expert group appointed by the Secretary-General to investigate the problem. The outcome of Africa's programmes for recovery and transformation would largely depend on an improvement in the international trade environment.

41. Structural deficiencies were at the centre of the poor performance of African economies. Realizing that recovery and development programmes must attack the root causes of economic and social problems, ECA had mounted a search at the beginning of 1988 for an African alternative to structural adjustment programmes. That initiative had borne fruit in the African Alternative Framework for Structural Adjustment Programmes for Socio-economic Recovery and Transformation adopted at the Commission's twenty-fourth session. Unlike orthodox structural adjustment programmes with their excessive emphasis on external account balances and fiscal balances entailing drastic cutbacks in public expenditure on welfare, the Framework, while paying attention to the gradual reduction of financial imbalances, emphasized the application of economic and social development policies and measures to promote structural transformation and sustainable development. The Framework broke with the traditional approach to planning in Africa. Rather than imposing centrally adopted general policy decisions on the officials and the population, it emphasized grass-roots participation in policy formulation and in other aspects of the planning process. As part of the activities relating to the implementation of UNPAAERD, ECA was to organize an international conference in February 1990 on popular participation in the recovery and development process in Africa, which would bring together experts and government and non-government officials to develop a collective understanding of popular participation as a necessary condition for democratizing the development process and unleashing the energies of Africa's peoples.

42. A specific aspect of the involvement of people in the development process related to the role of women in development. In that connection, the fourth regional conference on the integration of women in development and on the implementation of the Arusha Forward-looking Strategies for the Advancement of African Women Beyond the United Nations Decade for Women was scheduled to take place in Nigeria from 18 to 22 September 1989 in order to appraise the implementation in Africa of the Nairobi Forward-looking Strategies for the Ad-

vancement of Women and prepare for the forthcoming global review and appraisal.

43. The number of African countries classified as LDCs had risen to 28 and their economic plight was increasingly desperate. The Second United Nations Conference on LDCs, to be held in September 1990, was therefore of considerable interest to Africa.

44. The Commission's twenty-fourth session and the 15th meeting of the Conference of Ministers responsible for economic planning and development, held at Addis Ababa in April 1989, had been unique in the sense that, for the first time, the ministers responsible for economic planning and development and the ministers of finance had been brought together for the purpose of reviewing and adopting the African Alternative Framework. It had also been unique on account of the joint meeting of ministers responsible for economic development and UNDP resident representatives in Africa. Among other recommendations, the meeting had concluded that UNDP assistance should be completely devoid of ideological leanings and concentrate essentially on reinforcing national capabilities for economic management, the establishment of institutions and better management and co-ordination of debt.

45. Among the 22 resolutions adopted at ECA's twenty-fourth session and contained in the Commission's annual report (E/1989/35), those requiring action by the Council as well as those to which its attention was drawn were summarized in the Secretary-General's report on regional co-operation (E/1989/96). In that connection, he drew the Council's attention to resolution 676 (XXIV) in which the Commission had adopted the African Alternative Framework and asked that the document on the Framework be submitted through the Council to the General Assembly under a separate agenda item at its forty-fourth session. With regard to resolution 656 (XXIV) inviting the General Assembly at its forty-fourth session to proclaim a second Industrial Development Decade for Africa, he expressed the conviction that in the light of the conclusions reached by the 9th meeting of the Conference of African Ministers of Industry in respect of the evaluation of the results of the first decade, the Council would give its wholehearted support to the proclamation of a second decade.

46. In resolution 659 (XXIV) concerning the review of the Commission's Multinational Programming and Operational Centres (MULPOC) to make them more effective, the Commission reaffirmed its interest in, and strong support for, the MULPOC system and requested that the report of the evaluation mission organized by the Secretary-General under Assembly resolution 43/216 be submitted to the Commission's twenty-fifth session for in-depth examination and comments before being transmitted to the General Assembly. The Commission's appeal in resolution 669 (XXIV) for funds for the African Institute for Economic Development and Planning was extremely pertinent as the Institute's financial situation had never been more critical. Equally pertinent was the need for additional resources for ECA's special programme for the African LDCs to which resolution 667 (XXIV) referred. In resolution 675 (XXIV) the Commission commended the proposed programme of work and priorities for the biennium to CPC and the latter had already endorsed the programme. He urged members of the Council to give it their fullest support.

47. He expressed the hope that, when considering issues of specific interest to Africa, the Council would, as it always had done in the past, respond to the expectations of its African member States in respect of actions at the international level that would supplement their own development initiatives.

48. The PRESIDENT announced that in accordance with established practice the meeting would be adjourned to give members an opportunity for an informal dialogue with the executive secretaries.

The meeting rose at 5.05 p.m.

24th meeting

Tuesday, 11 July 1989, at 10.10 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.24

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. FAULKNER (International Chamber of Commerce) said that, despite greater than expected economic buoyancy in the major industrial countries in 1988, the world economy continued to present a number of disquieting features which represented a substantial challenge to the sustainability of buoyant economic growth into the future. The risk of accelerated inflation in the major market-economy countries had clearly increased and would require continued vigilance and international co-operation from Governments. Although substantial

progress had been made in reducing large current-account deficits and surpluses, significant imbalances continued to exist and the adjustment process had recently weakened noticeably, a situation which was provoking a rise in protectionist pressures in some countries. ICC believed it was vital for those pressures to be resisted and the principles and disciplines of GATT upheld. The Uruguay Round of multilateral trade negotiations must be brought to a successful conclusion if the necessary reduction of external imbalances was to be achieved in the context of expanding international trade and satisfactory economic growth in both developed and developing countries in the 1990s.

2. The developing countries' debt crisis continued to weigh heavily on the prospects of the world economy as a whole, as well as seriously retarding the development efforts of many poor countries. ICC had consistently argued that a successful strategy for the debt problem must include faster growth in the industrialized world, a more open trading environment in order to improve access for developing-country exports, growth-oriented structural adjustment in the indebted countries and additional external financing in support of effective adjustment programmes. That broad strategy was still valid, as was the case-by-case approach. However, the existing strategy was in need of reinforcement. The Brady initiative and the follow-up decisions taken by IMF and the World Bank had added a new element, namely the provision of financial resources by those two organizations to support voluntary, market-based operations which reduced debt or debt service.

3. Environmental issues currently ranked high on the world's agenda and were likely to continue to do so well into the next century. Since major environmental problems were increasingly global in nature, rather than local or national, they would require internationally co-ordinated solutions. In such cases, unilateral actions or actions undertaken by only a few countries could well have little, if any, effect. Where environmental issues must be addressed on a global basis, ICC believed that the industrialized countries must take a leading role, if only because they commanded greater resources and technological capabilities.

4. The Montreal Protocol on substances that Deplete the Ozone Layer had demonstrated what could be achieved through determined international co-operation. At the same time, the chlorofluorocarbon problem underscored the complexity of environmental issues. Such substances not only depleted the ozone layer but could contribute to global warming. On the other hand, their use in refrigeration greatly increased energy efficiency, which would seem to mitigate their warming effects. In that connection, ICC strongly supported the work and goals of the Intergovernmental Panel on Climate Change. It had also supported the UNEP Governing Council's decision looking to the preparation of a framework convention on global warming which would take into account the Panel's findings.

5. While the business community recognized and accepted the need for environmental regulation by government, it stressed the importance of appropriate consultation with industry as an integral part of the process. Industry could be a source of pollution but it was also in a position to help find solutions and integrate environmental considerations into its economic decisions. The Ministerial Meeting of the OECD Council, held on 31 May and 1 June 1989, had recognized that industry was beginning to make progress in such fields as waste minimization, industrial processes that conserved energy and raw materials, the design and marketing of cost-effective "clean technologies" and the development of an economically viable pollution-control and environment-management industry. The business community had accepted its responsibility to work with Governments and the public in searching for solutions to environmental issues and ICC was prepared to play an active role. At the same time, it believed strongly in the value of maximizing the use of self-regulation by business in a responsible spirit. It felt, therefore, that effective protection of the environment was best achieved through an appropriate combination of legislation and regulation and of policies and programmes voluntarily undertaken by industry.

6. In that spirit ICC had promulgated its *Environmental Guidelines for World Industry* in 1974. Revised versions had been published in 1981 and 1986 and a supplement on the handling of wastes would be issued shortly. More recently, it had published an important decision paper on environmental auditing designed to help companies measure the environmental impact of their operations and determine how well their environmental systems and equipment were performing. A brochure, *Sustainable Development—The Business Approach*, would shortly be published promoting the concept among businessmen and explaining why they should play a positive role in relevant discussions at the national, local and enterprise levels. Through its international environmental bureau, ICC was promoting environmental technology practices to countries and companies in the developing world that wished to inform themselves about and utilize the latest developments in environmental management. ICC would be working with UNEP in promoting in the business community the action and follow-up required by the 1985 Vienna Convention for the Protection of the Ozone Layer and the 1989 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. As part of that activity, it was preparing a set of supplementary guidelines on hazardous wastes and the international environmental bureau was to hold a symposium, in co-operation with UNEP, on the prevention, reduction and disposal of special wastes.

7. The growing trend towards transnationalization of finance and production and the globalization of competition meant that a point was fast being reached in the evolution of the world economy at which the traditional distinctions between domestic and international economic policies became increasingly anachronistic. Even economically powerful countries would be able to achieve

less and less in the domestic economic context without reference to the global context. That had already become fully clear in the area of broad environmental management. As the world became increasingly interdependent, policy-makers would increasingly have to take into account not only their traditional domestic constituencies but a broader international constituency which would have to be equally satisfied if the leading economic players were to achieve even their domestic policy goals. Thus, a wide range of economic policies would have to be subjected to international discussion and adjustment. International organizations would have an important role to play in that process and the international business community was ready to make its contribution.

8. Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic) said that, on returning to the Council after a break of several years, his delegation had been struck by the changes in the character of discussions and the working atmosphere. Recognition of the need for a joint approach to global political, economic, social and humanitarian problems had led to a substantial improvement in the international climate. On the other hand, the lack of real progress in establishing international economic relations on a basis of equality and mutual advantage gave cause for concern. His delegation agreed with the view expressed by the Secretary-General (17th meeting) that the progress achieved in the political field might prove to be illusory if the aspirations of the majority of the world's population could not be satisfied.

9. The world economy continued to be unstable, social and economic problems were becoming more acute, and the situation of the developing countries gave cause for alarm. The existing system of international economic relations did not, in fact, meet the needs of the overwhelming majority of States. Its unpredictability was becoming increasingly evident, as was its inability to control the complicated macro-economic processes resulting from the increased pace of the scientific and technological revolution, and from accelerating changes in production and international economic relations. The growing importance of the foreign trade sector in the economic development of particular countries had made it easier for economically more powerful States to exert political pressure upon them. Many countries, especially developing countries, were increasingly exposed to the unilateral renunciation of agreements, the imposition of sanctions and embargoes and the use for political ends of aid, loans and access to advanced technology. The failure to reform the world monetary system to deal with exchange rate instability and to control inflation also impeded the search for stability in international economic relations.

10. Interdependence and the internationalization of economic life emphasized the global character of the world's problems but also provided a basis for a joint approach to their resolution. At a time when social and economic development was practically impossible outside a world economic system, all nations should unite their efforts in working for a radical reform of international economic relations, and the establishment of a more just and rational international division of labour. The establishment of a system of international economic security directed towards the achievement of international economic relations based on principles of equality and mutual advantage would promote peaceful co-existence and co-operation and further the social and economic progress of all countries.

11. His delegation regarded the concept of international economic security as a logical development of such important United Nations texts as the Charter of the Economic Rights and Duties of States[1] and the Declaration and Programme of Action for the Establishment of a New International Economic Order[2] and welcomed the report of the Secretary-General (E/1989/56). Particularly valuable was the proposal to use United Nations machinery for global economic co-ordination, which would presuppose the strengthening of the role of the Council as the co-ordinator of all United Nations economic and social activities. His delegation believed that that proposal among others in the report should be more extensively applied in the practical activities of the United Nations in the economic field with a view to the eventual preparation of an appropriate instrument of international law. His delegation shared concern about the deterioration in the ecological situation, whose global character necessitated a collective response and new thinking directed towards the achievement of international ecological security as a basis for stable economic development. The Chernobyl disaster had made his delegation a particularly strong advocate of international ecological security in the framework of the United Nations and of the creation of a new model of international co-operation which could make environmental protection a positive influence in all other spheres of international life. The Council and its subsidiary bodies could make a substantial contribution to that end, and would have an opportunity to do so in the preparatory work for the conference on the environment and development. The first step would be to draw up a global programme for the evaluation of ecological risks and monitoring, identifying and forecasting them at the global and regional levels using the latest technology, including space observatories. His delegation supported the proposal for the establishment of a United Nations emergency ecological aid centre, making maximum use of existing United Nations facilities. Scope should also be left for voluntary participation by individual countries in the activities of the centre, including contributions to meet its expenses.

12. Experience in the *Ad hoc* Committee of the Whole showed that the preparation of a new international development strategy for the fourth United Nations development decade was likely to prove a long and difficult task. The principal objective should be to ensure that the strategy properly reflected the realities of global interdependence and was based on fresh political thinking avoiding the inadequacies and weaknesses of past strategies. While paying particular attention to the problems of the

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[1] Adopted by the General Assembly in its resolution 3281 (XXIX) of 12 December 1974.

[2] Adopted by the General Assembly in its resolutions 3201 (S-VI) and 3202 (S-VI) of 1 May 1974.

developing countries, the strategy must take account of the interests of all countries with a view to their harmonious interaction in world economic relations.

13. Regional co-operation continued to be one of the most important of the Council's activities. The reports of the regional commissions indicated some progress in the co-ordination of economic policies. The Ukrainian SSR attached particular importance to the activities of ECE, which played a unique role in promoting East-West trade and scientific and technological links. Isolation and confrontation were giving way to the logic of joint development and co-operation based on a sense of the historical and cultural community of the European States, irrespective of their chosen paths of development.

14. Another positive influence on ECE's work was on the ongoing process of integration and the economic reforms being carried out in the countries of the region. Significant process was being made in economic management in the Ukrainian SSR and major structural changes had been initiated. In both industry and agriculture new management methods were being applied, and in the current year all branches of material production had made the transition to operation on a basis of profitability and self-financing. A growing number of enterprises were operating on a co-operative and leasing basis. One of the main objectives of economic reform was to promote economic and commercial co-operation with other countries, and to extend participation in the international division of labour. The Ukrainian SSR was undertaking a thorough restructuring of its organization and management of its external trading activities with the objective of closing the gap between its internal economic system and the external market, and facilitating direct access of its producers to that market.

15. He was convinced that discussion of the major aspects of the development of the world economy and economic relations between States at the current session would make it possible to find common ground between the interests of the various countries and contribute to a joint solution of outstanding economic problems.

16. Ms. BRÜGGEMANN (World Health Organization) said that the WHO Executive Board and World Health Assembly had urged the Director-General to speak out in the Council about the adverse effects on health of the world economic crisis and to seek a political commitment to effective international co-operation to reverse them. The structural adjustment programmes the developing countries had been obliged to adopt had too often failed to pay sufficient attention to human and social considerations. The people hardest hit were those in sub-Saharan Africa, Western Asia and Latin America. It was heartening that the *World Economic Survey 1989* (E/1989/45) should have recognized the troubling consequences of such adjustment policies, not only for present living conditions but for future development prospects. One of WHO's major concerns was that social development, in particular health, should be placed high on the agenda for development co-operation in the 1990s.

17. Despite economic stringencies, surprising progress had been made in implementing strategies for attaining the goal of Health for All by the Year 2000 in the 10 years since its adoption. On a global basis, life expectancy had continued to increase and infant, child and maternal mortality to decline. Most industrialized countries had already achieved high levels of social protection in the provision of health care and recent progress in some developing countries had been quite dramatic. The progress was attributable largely to increased access to health services and to technical programmes supported by WHO, such as the expanded programme on immunization. Yet, the overall trend concealed a diverse set of successes and failures. Differences between and within regions and countries were increasing. Progress in health had been slow, and in some cases imperceptible, in some of the poorest and biggest countries. Improvements in most developing countries had been retarded by the economic recession and the current prospect of achieving health for all was sombre, given the growing numbers of people living in absolute poverty, and the rising level of female illiteracy.

18. Structural adjustment programmes dominated development policy. Evidence from a number of developing countries indicated increased inequality in the distribution of income, with a disproportionate share of the cost of adjustment falling on the poor. In the process, health services suffered more than sectors regarded as more economically productive and the major thrust of primary health care—social justice and equity—was seriously endangered. The health services had found themselves confronted with increasing demands, but slow economic growth, or no growth, had imposed serious constraints on Governments so that the supply of government health services had sometimes shrunk dramatically. Most middle- and low-income countries now appeared to allocate a greater percentage of their GNP to debt servicing than to health and health care.

19. As a result, deteriorating nutritional status, particularly of children, had been reported from several countries. Also, preventable diseases that could be conquered, such as yaws and yellow fever, had reappeared in some countries, and a serious resurgence of malaria had been reported. WHO had also been called upon to play a leading and co-ordinating role in stopping the scourge of infection by the human immuno-deficiency virus and death from the acquired immuno-deficiency syndrome (AIDS). Sustaining the efforts that had been so vigorously and imaginatively initiated to combat that major public health problem, with its far-ranging social, economic and political consequences, constituted a tremendous challenge.

20. Health was a special issue in human development because health care was both an investment and a consumption item. The potential economic return on health expenditure had been known for hundreds of years and, as recent studies of tuberculosis control and anaemia treatment showed, could be far higher than that on conventional physical investments. Immunization programmes benefited the individual and also protected society at large. The eradication of smallpox had rid hu-

manity of an ancient scourge and resulted in millions of dollars of savings.

21. There were also important links between health and agriculture, the environment and industry, as was evident in the recent increased incidence of salmonella infections in one industrialized country and the spread of schistosomiasis and malaria in developing countries as a consequence of irrigation projects, as well as respiratory illness resulting from industrial pollution.

22. The links between health and the international economy were, however, mainly characterized by dependence. Hazardous substances and processes were exported from industrialized to developing countries while skilled health manpower migrated in the opposite direction. Many developing countries remained dependent for their pharmaceutical imports on a small number of industrialized countries. Such dependence must give way to greater interdependence, leading to effective multilateral co-operation in a better organized international economy.

23. The blanket application of standard structural adjustment policies neglected the catalytic potential of health as an instrument for development. Per capita expenditure on health was declining world wide. In some countries the Government paid as little as one fifth of the cost of personal health services. In some of the richer countries the accessibility and quality of health care had suffered as a result of recent reductions in public spending. In some African countries total expenditures had varied significantly from year to year, interrupting purchases of essential drugs and sometimes even delaying payment of salaries to health workers. WHO therefore urged the Governments of both developed and developing countries to find viable options for protecting people's health within policies and structures that ensured social justice and equity. That meant that Governments must do more to promote health and, in particular, to protect the most vulnerable.

24. In accordance with its constitution, WHO was continuing to strive towards achieving the goal of health for all through primary health care, while responding to current realities. WHO's first and foremost contribution was to maintain and develop high technical standards. It was also endeavouring to mobilize additional resources to develop essential health programmes, particularly in the LDCs. It was intensifying its support to the neediest countries and people by making more effective use of all available resources, the emphasis being on efficient financial and administrative management. It was also promoting a more productive partnership with existing or potential co-operating agencies and organizations.

25. In countries at all levels of development, resource allocation patterns continued to under-emphasize the most cost-effective health measures, with over-concentration on low-impact services mainly based on resource-consuming hospitals. To combat that trend, a health economics programme had been developed to improve national capacities in economic policy analysis and planning.

26. Women played a special role in health and development. WHO's "Women, health and development" programme aimed to enhance that role through special attention to the health of women themselves and to ensure that women were active partners in decision-making at all levels. Improvement in women's educational and socio-economic status was a key factor in enhancing their possibilities for leadership.

27. Recognizing the formidable constraints that debt reduction posed in most developing countries and its linkage to health and health services, WHO was preparing to provide technical support for debt cancellation or for the exchange of debt against viable projects to restructure or revitalize health care services.

28. With regard to environmental concerns, WHO was planning to convene a high-level commission of technical experts on health and the environment to make an inventory of what was known and where more research was needed. On the basis of the commission's findings, WHO would develop responsive programme strategies and seek sources of financing for continuing research. At the same time programmes were being implemented in all regions to help countries to develop the capacity to respond effectively in times of disaster.

29. The recent past had seen an encouraging lessening of some political tensions, a slowing down of the arms race, some easing of traditional enmities and the emergence of a new *entente*. Governments and international institutions should strive together to take advantage of the changing climate to find means of redirecting arms expenditures towards social and economic development. Such developments would give impetus to the special session of the General Assembly in 1990 and the formulation of the new international development strategy. Within that framework the goal of health for all by the end of the century commanded special attention. Without a healthy population, development was impossible.

30. Mr. AMOO-GOTTFRIED (Ghana) said that his delegation shared the concern expressed by the Observer for Malaysia, speaking on behalf of the Group of 77 (18th meeting) about the economic difficulties facing most developing countries, particularly in Africa and Latin America, where the potential for political upheaval was disturbing.

31. The unexpectedly strong growth in global output reported by the *World Economic Survey 1989* had largely by-passed the two regions despite their vigorous attempts to rationalize domestic production, particularly in the export sector. In Africa, although there had been a small improvement in the GDP growth rate to 2.3 per cent in 1988, general economic performance had been weak, and even that modest increase had been outstripped by the rate of population growth. In co-operation with UNFPA and other agencies, many African countries were, however, pursuing population policies which were eventually expected to bring population growth into line with economic growth. Other difficulties over which the African countries had little or no control were the continuing adverse terms of trade,

heavy debt service burdens and stagnating resource flows. The sharp rise in the volume of world exports and the substantial improvement in non-fuel commodity prices had benefited Africa only marginally in spite of the fact that many countries had achieved significant increases in the volume of exportable goods. The reason was that Africa's export commodities had been largely unaffected by the rise in non-fuel commodity prices. The prices of many, such as oil, cocoa and cotton, had fallen while others such as coffee and tea remained weak. The price of cocoa, which accounted for about 60 per cent of Ghana's export earnings, had reached record low levels in 1988 resulting in serious resource constraints. Although copper prices had risen significantly, African producers had been unable to take full advantage of the situation for lack of time to expand production. Against that background, his delegation welcomed the entry into force of the agreement on the Common Fund for Commodities. The Fund would improve the functioning of commodity markets by ensuring stability and predictability and would give commodity-dependent countries time to diversify their economies while ensuring stable and remunerative commodity prices. He urged all countries, particularly the developed countries, to take a constructive attitude towards the Fund.

32. Africa's external debt, which had risen to some $230 billion in 1988 with an average debt service ratio of 42 per cent, had curtailed investment and forced drastic cuts in education and social welfare, including health services and housing. Unfortunately the example given by some bilateral official creditors in writing off part of the debt of the poorest developing countries had not been followed by all Governments and the package put together by the Paris Club on the basis of the Toronto Declaration[3] provided short-term cash flow benefits which the *Survey* rightly described as "not large". According to the World Bank, countries participating in its special programme for Africa would see their debt service payments over the period 1988-1990 fall by less than 5 per cent. It was discouraging that such a well intentioned initiative should be eviscerated by over-cautiousness and lack of political will. The IMF Enhanced Structural Adjustment Facility had somewhat cushioned the servicing burden of debt to the Fund, but more needed to be done. The various multilateral and bilateral measures to ease resource constraints on the African countries still fell short of their needs. There was a very real danger that the gap between Africa and the rest of the world would widen irreparably in the coming decade. Much depended on the African countries themselves, most of which were strongly committed to economic transformation, but international support was also indispensable.

33. In its report on the new development strategy, CDP stressed four key elements: accelerated economic growth; greater concern for human development, a reduction in the number of people living in absolute poverty, and the prevention of further deterioration of the natural environment (E/1989/29, para. 186). His delegation looked forward to further elaboration of those objectives by the *Ad hoc* Committee of the Whole.

34. The triennial review of operational activities for development would give the Council an opportunity to assess the work of the operational agencies and lay down new guidelines for the more effective delivery of their services. The goal of operational activities should be to assist development. Harmonization of procedures and co-ordination had been discussed on several occasions in the Council but no satisfactory means had been found of bringing them about. During the triennial review the Council should seek effective ways of eliminating duplication and cumbersome procedures.

35. Mr. GONZALEZ (Observer for Panama) said that, despite their efforts to expand exports, many developing countries had been unable to achieve the desired rates of growth because debt-servicing had swallowed up the proceeds, preventing them from increasing investment. The net outflow of resources abroad, in the case of Panama more than $1 billion over the past five years, must be controlled through international co-operation so that the money could be used to combat poverty. Greater international support was called for and his delegation endorsed CDP's view concerning the role that the international financial institutions should play in promoting a solution to the external debt problem. The efforts already under way must be supplemented by increased ODA to ensure that sufficient resources were available to end stagnation and slow growth in the debtor countries. Participation by the creditor countries in that task and in the process of encouraging a flow of private capital to complement internal efforts were areas in which international co-operation would act as a catalyst in producing a coherent effort that would eliminate the external debt burden.

36. His Government's reply to the questionnaire on the implementation of the Charter of Economic Rights and Duties of States was summarized in the addendum to the Secretary-General's report (E/1989/65/Add.1, paras. 20-28). Panama deplored the fact that countries had been unable to take the necessary steps for the effective implementation of the provisions of the Charter. It should be a matter of priority for both rich and poor countries to keep the gap between them from growing wider and to ensure that the "measured optimism" of the Secretary-General's report was converted into the reality of economic relations of respect, co-operation and concern for universal betterment.

37. Panama's reply had drawn attention to the attitude of the United States which, not content with ignoring the provisions designed to bring about the new international economic order, had openly violated them by using coercive economic measures against Panama in order to influence domestic matters which were purely the concern of the Panamanian people, in flagrant disregard of article 32 of the Charter of Economic Rights and Duties of States.

38. The United States was furthermore violating article 7 of that Charter by promoting an international campaign

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[3] A/43/435, annex.

of disinformation and untruths about events in Panama, which was driving away the capital and international business on which Panama relied for resources for development, although the United States had undertaken in the Charter to co-operate in eliminating obstacles to the mobilization of resources. The centre for regional banking services which operated in Panama and provided jobs for a significant part of its labour force had seen 65 per cent of its assets drained away abroad as a result of the lack of the co-operation enjoined by the Charter on all States.

39. By actions in violation of article 24, in which it undertook not to harm the interests of developing countries, and article 32, the United States had intervened, with economic sanctions and threats of armed attack, in the electoral process in Panama, thus heightening existing tension and intensifying its interference in the domestic affairs of a sovereign State. A population already impoverished by a drastic 20 per cent decline in GDP, its prospects diminished by trade sanctions and threats against its sources of supply and the means of payment used in its domestic economy, had nevertheless opted to proceed with an orderly transfer of power, but had found itself the target of further sanctions from abroad which had distorted the process and openly falsified its results. Panama was confident that when the Secretary-General's report was discussed the General Assembly would give due consideration to wrongful acts and violations.

40. Panama had been moved by similar considerations in considering the topic of economic security, which in the case of Panama involved the survival and development of a small economy fully open to trade, financial and economic exchanges with the rest of the world. In line with the general pattern of the past 10 years, Panama, like many other developing countries, had made considerable progress towards integration in the world economy, seeking a more dynamic development than its own market could provide. That course of action, which diminished internal control over the nation's economic destinies and created greater interdependence, merited supportive measures at the international level to promote greater predictability and reliability in the world economy.

41. Panama rejected the political use made by some countries of the instruments of trade, economic and financial exchange, as well as the unprincipled manipulation of national currencies used in international transactions, on the grounds that it contributed to a climate of instability that weakened the development efforts of the developing countries. After Panama had based its system of payments, both internal and external, on the currency of the United States, the country issuing that currency had betrayed that trust by using it for coercive purposes, to attain objectives related to its own national security interests, in open disregard of the will of the Panamanian people.

42. Promoting conditions of predictability and stability in which small countries could develop demanded the widest possible international co-operation. The revitalization of the international bodies concerned with economic matters, the co-ordination and integration of the economies of countries with similar interests, and mutual understanding between developed and developing countries, were ways in which those objectives of common interest to all could be achieved.

43. Mr. POSADA (Colombia), endorsing the views expressed by the Observer for Malaysia on behalf of the Group of 77 (18th meeting), said that the 1980s had been a decade of frustration. Contrary to expectations, the gap between developed and developing countries had widened inexorably. Despite the developed countries' obligation to end discrimination against less developed nations, the North's prosperity had been achieved at the expense of the South. The customs and tariff treatment of developing-country commodity exports and the undermining of commodity agreements were indicative of developed-country attitudes, as were interest-rate policy, protectionism and the record regarding the transfer of technology and targets for financial assistance.

44. Development aspirations, particularly in Latin America, were being thwarted by the developed nations' uncoordinated and selfish management of their own economies which was at odds with the advice given to the developing countries and had helped to strengthen the imbalances everyone deplored.

45. Those imbalances could in fact only be corrected by determined action by all parties. The developing countries were accepting the sacrifices implicit in rigorous adjustment programmes. It was time now for the advanced nations to shoulder their share of the burden.

46. In the new climate of international relations, the developing countries must cease to be regarded as passive spectators of super-Power agreements. They had the right to share in the resulting benefits, having often been the victims of confrontation in the past. In particular, they must not become markets for the sale at discount prices of the arms previously used in various regional conflicts. All too often such supplies were used to destabilize democracies, prop up dictatorships and foster crime.

47. The international debt had become an acute political problem, threatening some States with destabilization and undermining efforts to restore democracy and uphold human dignity. The present strategy had resulted in slow economic growth, reduced financial flows, protectionism and falling commodity prices. Growth had been halted in most Latin American and African countries, with a resulting increase in social and political turbulence. A strategy based on debt reduction and alleviation of the debt service burden was winning increasing support and should be speedily applied. The United Nations could provide a forum in which the consensus could be broadened with a view to a long-term solution.

48. The economic setbacks of the developing countries in recent years had had dire social consequences. Many Governments had been forced to cut their expenditures on health, housing, education and other social services to the detriment of long-term development prospects. Ex-

treme poverty, marginalization, unemployment, illiteracy and a lack of social security violated the human rights of over a billion people and were evidence of the major imbalances in the world economy. As the Secretary-General had said (17th meeting), the 1 billion poor in the world were a challenge and a resource which, through imaginative approaches, could become an engine for progress rather than an impediment to development. The social could not be separated from the economic aspects.

49. Mankind had entered an era of new rights, with new criteria and a more general conception of collective well-being. The safety of the planet—including the survival of individuals and nations and economic, social and ecological vulnerability—was the responsibility of all. Protection of the right to development and of other rights of solidarity must have at least the same priority as the protection of the more traditional rights which were rightly of such concern to the developed countries.

50. The special session of the General Assembly in 1990 and the formulation of the new international development strategy would provide an opportunity to deal with those complex and important themes. In that context, his delegation agreed with the United Kingdom representative (19th meeting) that the declaration emerging from the special session should be a pragmatic, short statement of principle. His delegation believed it should be confined to decisions directed towards economic action by the developed countries and the political will of all to redress current imbalances. The time had come for action. Political will and economic decisions by the developed countries were necessary to put the world on the road to collective well-being.

51. Mr. HLOPHE (Observer for Swaziland) said that his delegation associated itself with the views expressed at the Ministerial Meeting of the Group of 77 held in Caracas from 21 to 23 June 1989.[4] Despite the international financial institutions' efforts, the chronic gap between North and South persisted. The analysis presented in the *World Economic Survey 1989* gave no grounds for optimism, particularly on the issue of structural imbalances, boding ill for the many developing countries of Africa, Asia and Latin America.

52. But there was still hope, and the world was capable of redressing the situation, particularly the burning interrelated issues of money, finance, trade and development. The international trading system, in particular, should be strengthened in order to respond better to the development needs of the hard-hit peripheral nations. His Government continued to advocate full implementation of the new international economic order and the Charter of Economic Rights and Duties of States, and asserted the right of every nation to determine its socio-economic policy in the light of its own conditions.

53. Swaziland was a small, land-locked State whose economic survival and development depended largely on the international economic climate. Agriculture accounted for over 75 per cent of the country's vital earnings. The pernicious policies of destabilization inherent in the region continued to cause the Government concern. The latter, however, had not abdicated its international obligations. It was committed to offering humanitarian assistance to the refugees, whose situation remained a chronic problem. The Government's policy was to diversify its agro-industrial base. Swaziland was an active member of SADCC and PTA, whose principal aim was to encourage the region's economic development; in that connection, Swaziland reiterated its warmest tribute to the United Nations system and its partners in economic development.

54. His delegation greatly appreciated the statement by the Executive Secretary of ECA (23rd meeting) and associated itself with the text of the African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation.

55. His delegation welcomed the growing resolve to deal with problems of environmental protection. Urgent attention to environmental problems, including the population explosion, would help the efforts towards economic development. His delegation also welcomed the new political climate in international relations, including the realization that the arms race undermined the international community's efforts to achieve peace and economic development. His delegation looked forward to continued co-operation with its economic partners and the organizations of the United Nation system.

56. Mr. MARINOV (Council for Mutual Economic Assistance) said that the world should combine its efforts to create a basically new international economic mechanism and a new pattern for the international division of labour. The growing complexities of social development in differing countries called for mutually acceptable common approaches, based on equality. Despite growing interdependence, many economic and social problems were worsening, calling for an upgrading in the activities of international economic organizations and a change to co-ordinated macro-economic policy at the world and regional levels, on the basis of goodwill and long-lasting international co-operation.

57. Based on those imperatives, the socialist countries had put forward the concept of international economic security, which could help to foster progress in restructuring international economic relations. They hoped that the Council's current session would contribute to promoting that concept. Elaboration of the new international development strategy and the special session of the General Assembly in 1990 should help to consolidate the more positive approaches to international economic problems now discernible.

58. The new international development strategy should facilitate a consensus approach to solving key world economic problems. A prerequisite to those solutions was world-wide security, on the basis of new thinking, the renunciation of confrontation and application of the principle of disarmament for development. With regard to the concept of international ecological security, the CMEA member countries valued the activities of the

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[4] A/44/361, annex.

United Nations, especially UNEP, and other relevant international forums.

59. Joint action was also called for to deal with the complex social aspects of problems such as trade, money and finance, science and technology, in order to uphold the human values and freedoms established in States' policies and practices. Joint activities should deal with major problems such as the right to work, social equality, the eradication of hunger and poverty, public health, education and cultural development.

60. During the 40 years of its existence, CMEA had made substantial economic, scientific and technological progress, reducing inequalities among its members and accelerating their economic development. During that period their trade turnover had increased forty-fold. Large-scale joint production programmes were being successfully carried out and joint transport, communications and banking systems were in operation. Radical transformations were taking place in the member countries' economic organization. Greater independence was being accorded to enterprises and associations, self-financing was being introduced, and commodity and monetary relations were expanding. During 1988 the situation in many member countries' economies had remained difficult. Despite somewhat higher growth rates—up to 4.1 per cent in national income and 3.7 per cent in industrial production—there had been no accompanying qualitative changes. The CMEA countries' share in world trade turnover had fallen to 9 per cent in 1988, a level clearly below their economic potential.

61. One of the main purposes of the current restructuring was to democratize the entire system, transforming economic organizations into true instruments of socialist integration by developing direct scientific and production links, establishing joint enterprises and international associations and developing economic ties with enterprises in third countries. Steps were being taken to facilitate joint entrepreneurship. Although there were difficulties, a new integration mechanism was beginning to take shape.

62. Currency and credit instruments were being changed and arrangements were being made for currency convertibility. Measures were also being taken with a view to the gradual formation of a unified market.

63. The arrangements for inter-State co-ordination of national economic plans were changing and CMEA's role was increasing. The collective concept of the international socialist division of labour 1991-2005 had been endorsed in 1988. CMEA's long-term strategy for economic, scientific and technological progress would create opportunities for member countries to participate in the world economy and in implementation of the new international development strategy. Greater emphasis was being placed on social problems such as food, high-quality consumer goods, environmental protection, the rational use of resources and improved health services. The strategy aimed at the expansion of mutually beneficial economic relations with all countries.

64. Trade turnover with developed capitalist countries had risen at a faster rate—11.5 per cent—in 1988. The potential for increased trade and co-operation with the capitalist countries was great but difficulties persisted, such as the anachronistic restrictions of the Coordinating Committee for East-West Trade Policy (COCOM) and the negative aspects of some countries' foreign economic policy towards the socialist countries. The CMEA countries hoped it would eventually be understood that expansion of co-operation was mutually advantageous and inevitable. Their co-operation with EEC countries was gratifying in certain spheres and would, it was hoped, continue in furtherance of the concept of a common European home.

65. The CMEA member countries' relations with developing countries were based on equality and mutual advantage. Their trade turnover with that group of countries had risen by 5.7 per cent in 1988. Considerable bilateral assistance was given to the developing countries, but united efforts by the entire world community, regardless of national socio-economic systems, were necessary. The United Nations was the sole instrument capable of pooling efforts at the world level and should fulfil its role. In that spirit, CMEA had been strengthening its co-operation with the specialized agencies and was expanding its relations with the EEC. CMEA intended to continue to broaden its contacts with international economic organizations and to seek improved co-operation.

66. Mr. KHERAD (Observer for Afghanistan) endorsed the views expressed by the Malaysian observer on behalf of the Group of 77 (18th meeting).

67. The world was undergoing rapid, deep and far-reaching transformations. Substantial progress had been made on the political front, but the same could not be said of economic relations. The world economy continued to face the problems of instability, the increasing indebtedness of many countries, currency fluctuations, balance-of-payments problems and the threat of a new wave of protectionism. Relations between developed and developing countries were characterized by growing disorder. Most developing countries faced severe economic difficulties and could do little more than ensure the survival of their people. Absolute poverty had increased, even in countries which had experienced growth. The gap between developed and developing countries continued to widen. Although growth had been substantial in some parts of the world, the world economy as a whole had not grown enough to permit improvement of the standard of living of many of the world's peoples.

68. The economic stagnation and impoverishment of most developing countries was bound to have an impact on the international economy as a whole and on the economic growth of the developed countries, which had therefore an interest in reactivating international economic negotiations. Equitable and durable solutions to economic problems could be found only through negotiations based on equality and interdependence and through the formulation of appropriate policies and the adoption of practical measures to solve the urgent prob-

lems in the interrelated fields of trade, commodities, debt, money, finance, resource flows and development, to guarantee economic security for all countries.

69. The international trading system must be improved and strengthened to make it more responsive to the needs of the developing countries. The expansion of international trade on equitable and mutually advantageous terms was one of the preconditions for a revival of the world economy and of economic growth in the developing countries. It was essential to open developed-country markets to the products of the developing countries to enable the latter to alleviate their debt problem. Improvement of the international monetary and financial systems along the lines recommended by the non-aligned countries and the Group of 77 was no less important.

70. The indebtedness of the developing countries and the net transfer of resources to developed countries were major sources of imbalance. The developing countries' debt burden was such that they were forced to curtail their development programmes. In spite of their energetic programmes of adjustment or reform, growth was still small.

71. A lasting solution of the debt problem had still to be found. Debtor and creditor countries and the international financial institutions should make a joint effort to devise an effective strategy. The real solution was to give priority to the development of the debtor countries' economies and to consider the debt burden in the context of resource flows, trade, commodities and monetary and financial factors. The debt problem must be solved fairly on the basis of a sharing of responsibilities by debtor and creditor countries. In accordance with the consensus reached in UNCTAD and as proposed by the Group of 77, the measures taken should be designed to lighten the debt burden of the developing countries and to find just, integrated and long-term solutions to the problem.

72. More effective co-operation was required to secure an increase in the volume and improvement of the quality of ODA. The international community should redouble its efforts to achieve the ODA targets and to encourage commercial loans. It was important to strengthen the role of multilateral financial institutions.

73. His delegation reiterated its appreciation of the Secretary-General's efforts to mobilize the specialized agencies and the international community to provide aid in emergencies. It was grateful for his efforts in connection with the humanitarian and economic aid programme for Afghanistan. The co-ordinator of the programme had his Government's full support and the Afghan people deeply appreciated the action taken by the United Nations, the specialized agencies and donor countries.

74. His Government considered that concerted action was needed to promote international economic co-operation, bearing in mind the needs and aspirations of the developing countries in a spirit of solidarity based on equality and respect for national sovereignty. Fuller use should be made of international machinery and multilateral negotiations to revitalize the growth and development of developing countries. The United Nations had a central role to play in harmonizing the action taken by States. If the political will was there, the Council's discussions could provide a basis for negotiations in the General Assembly concerning the formulation of a new international development strategy. The special session of the General Assembly in 1990 and the formulation of a new international development strategy, as well as other initiatives such as the United Nations conference on the environment and development and the Second United Nations Conference on the Least Developed Countries, would help to secure a better understanding of the central problems of development. In addition, peace, disarmament and the allocation of military expenditures to social and economic uses would provide a foundation for economic co-operation for development and the creation of a favourable international climate for the solution of many global problems, including the restructuring of international economic relations and the establishment of a new international economic order.

The meeting rose at 12.35 p.m.

25th meeting

Tuesday, 11 July 1989, at 3.10 p.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.25

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. KLIOUKINE (Inter-Parliamentary Union) said that many of the questions on the Council's current agenda also formed the basis of discussions within the Inter-Parliamentary Union, in which parliamentarians from around the world met to consider what they could do to supplement United Nations action. The record of the Union's activities for the period 1984-1987 appeared in the quadrennial reports on the activities of non-governmental organizations (E/C.2/1989/2, sect. 31).

2. In line with the Programme of Action for the Second Decade to Combat Racism and Racial Discrimination,[1] IPU had reviewed, at its eightieth and eighty-first Inter-Parliamentary Conferences, held at Sofia from 16 to 24 September 1988 and at Budapest from 10 to 18 March 1989, the contribution of parliaments to the implementation of United Nations resolutions on the granting of independence to colonial territories and to the elimination of colonialism, racism and *apartheid*. The Budapest Inter-Parliamentary Conference had also reviewed parliaments' contributions to the promotion of the individual and collective rights of nationalities and ethnic minorities. In the resolutions adopted at Sofia and Budapest, the Inter-Parliamentary Conference had commended the endeavours of the United Nations and its Secretary-General aimed at reducing tension and ending conflicts, and had called on national parliaments to give their strong support to those efforts.

3. On the question of Namibia, the Inter-Parliamentary Conference had called on the international community to take the requisite measures to safeguard a free and fair electoral process in that country. It was also appropriate to mention that, in accordance with a resolution of the Budapest Conference, IPU had decided to organize, in co-operation with the United Nations, an international inter-parliamentary conference against *apartheid* to follow up the forthcoming special session of the United Nations General Assembly on that subject.

4. The search for solutions to development problems had always been one of IPU's foremost concerns. Accordingly, it had been decided that the problems of food security, indebtedness and hunger should be examined in depth at the Union's Centenary Conference to be held in London in September 1989.

5. In their resolve to contribute to the establishment of effective economic co-operation, parliamentarians had recently examined the problem of tourism, which had been the theme of an inter-parliamentary conference organized jointly by WTO and IPU at The Hague from 10 to 14 April 1989. That conference had stressed the beneficial economic effects that tourism could have for developing and industrialized nations alike. It had, *inter alia*, recommended that parliaments should ensure that the tourism component was taken into account when other issues of national importance, such as regional development, education, the environment or security, were being studied, so that tourism became part of comprehensive national policies and priorities for development. The Conference's conclusions were set forth in the relevant report by the Secretary-General of WTO (E/1989/77, annex).

6. IPU, sharing the Secretary-General's conviction (17th meeting) that political freedom and participation were essential elements of a dynamic society and conducive to economic progress, had undertaken various studies aimed at determining the proportion of women in the world parliamentary community as well as the real role they played in the process of political decision-taking. The inter-parliamentary symposium to be held at Madrid in October, whose programme included a round table on the image of women politicians, was expected to bring about new ideas concerning women's participation. IPU had taken measures to increase the role of women parliamentarians within its own governing bodies.

7. Environmental questions were likewise of concern to IPU. During the past year, parliamentarians had specifically discussed the adaptation and harmonization of legislative measures to protect the environment, and had adopted an appeal against the dumping of industrial, radioactive and toxic wastes in Africa. The Inter-Parliamentary Conference on Tourism had stressed the need to control the transport, treatment and storage of toxic and radioactive wastes and had concluded that an unspoilt natural and human environment was a fundamental condition for the development of tourism. IPU found it extremely encouraging that its environmental protection recommendations were often followed up by legislative action at the national level. It had continued

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[1] Adopted by the General Assembly in its resolution 38/14 of 22 November 1983, annex.

to strengthen its co-operation with UNEP, a particular outcome of which had been the publication of a leaflet designed to keep members of parliament abreast of the latest environmental developments. IPU's environmental activities would broaden when an *ad hoc* committee on environment, composed of nine prominent parliamentarians, began its work shortly.

8. With regard to human rights, IPU, while pursuing its unrelenting work to protect the fundamental rights of parliamentarians, had undertaken to mobilize members of parliament in support of the adoption and ratification of the draft United Nations convention on the rights of the child. The 80th Inter-Parliamentary Conference had reviewed action by parliaments to develop international co-operation in the humanitarian field and bring national legislation into line with international human rights standards, principles and instruments.

9. With regard to natural disaster prevention and the campaign against AIDS, parliamentarians shared the concern aroused by those world-wide problems and had been making an appropriate contribution to the relevant international efforts. He recalled that IPU's foremost interest, as a political organization, lay in world political problems; IPU was a forum for discussion where different schools of political opinion met and where figures belonging to various trends and political systems discussed and often negotiated the means to be given effect in order to reduce tensions.

10. Mr. KOENTARSO (Indonesia) said that he fully endorsed the views which had been expressed by the Observer for Malaysia on behalf of the Group of 77 (18th meeting); his own statement was intended solely to highlight some issues of particular interest to Indonesia.

11. For many developing countries, the economic heritage of the 1980s would be hard to bear during the 1990s, and the prospects for a brighter future remained doubtful unless major improvements took place in the external environment and the imbalances in the world economy were redressed. According to the reports before the Council, the world economic upturn was continuing. But the overall picture was hardly encouraging; although the developed countries were currently enjoying the longest economic expansion of the decade, the developing countries' growth continued to be hampered by many problems.

12. At the regional level, the economic performance of the countries of Asia and the Pacific reflected the favourable performance of the world economy to some extent. But that should be put into perspective, since the advance was due in part to the recovery in agricultural production as a result of better climatic conditions, and to the dynamic growth in a few newly industrialized countries. It should also be remembered that a sizeable proportion of the region's population lived at or below the subsistence level; nor should the possible consequences of the region's vulnerability to adverse external changes be overlooked.

13. Fortunately, the Indonesian economy had been able to withstand external shocks such as the sharp fall in the price of oil and the growing debt servicing burden, due to the appreciation of a number of international currencies. Much of the achievement was attributable to the application of an adjustment programme, including measures such as prudent fiscal management involving mobilization of domestic financial resources, a tight monetary policy, devaluation and deregulation steps, as well as measures relating to trade, industry and investment. Indonesia currently had to reverse the contraction of domestic demand so as to enable its economy to grow sufficently to absorb some 2 million new job seekers each year. To that end it had embarked upon ambitious programmes to increase non-oil exports and attract foreign investment; their success would of course depend to a large extent on external factors.

14. Important among the latter was international trade. Therefore, his delegation was deeply concerned by the threat posed to the international trade system by unilateral measures and a tendency towards the creation of closed trading blocs. Although the records showed a resurgence of international trade during recent years, the developing countries had in general been unable to benefit from that expansion due to a lack of market openings, protectionist tendencies and the deterioration in the terms of trade. The international community should therefore accord top priority to strengthening the multilateral trading system. No effort should be spared to ensure the success of the Uruguay Round and adherence to the commitments undertaken at Punta del Este. In that regard, his delegation strongly believed that one central objective of a strengthened multilateral trading system should be promotion of the sustained development of the developing countries, and that the measure of the Uruguay Round's success would be the extent to which those countries' concerns and interests were taken into account.

15. The situation relating to commodities was another external factor of vital importance to the developing countries. His delegation drew attention to a number of issues of serious concern to it, such as the lack of market openings for Indonesian exports, particularly in semi-processed and processed forms. His delegation reiterated its call for international co-operation aimed at increasing the developing countries' export earnings by fostering downstream processing, thus diversifying their exports. It welcomed the long overdue entry into force of the Agreement Establishing the Common Fund for Commodities.

16. The onerous debt problem had proved impossible to solve through the application of harsh adjustment policies, which had weakened the social and political fabric of the countries concerned. Although the eruptions of violence had been confined to certain countries, they showed how urgent it was to solve the problem. The solving of the debt crisis required, in the long run, the adoption of a just, symmetrical and global international strategy. Since that goal could not be achieved immediately, however, it was vital for the world community to take immediate development-oriented debt alleviation measures, based on the principles of shared responsibil-

ity, debt relief and servicing burden reduction. It was also important to ensure that the indebted countries, especially those which were making a consistent effort to meet their debt service commitments, received sufficient resource flows to sustain their development process.

17. In view of the threat to the eco-system arising from environmental degradation, his delegation unequivocally supported the development of international co-operation to protect the environment. To be effective, the conception and application of environmental protection measures must go hand in hand with efforts to eradicate poverty and ensure economic development. Indonesia felt strongly that all countries should share responsibility in that issue and it was doing its best to take account of environmental considerations in its development process.

18. The insufficiency of the international community's efforts towards human resource development was to be seen in low productivity, high unemployment and an incapacity to keep pace with scientific and technological progress. His delegation therefore called for increased international co-operation in that regard, with the primary aim of helping developing countries to exploit the potential their human resources represented. It recalled, in that regard, ESCAP's encouraging initiative for that purpose at its forty-fifth session.

19. The various items on the Council's current agenda which promised encouraging opportunities for renewed international co-operation included the special session of the General Assembly in 1990 devoted to international economic co-operation, and, in particular, to the revitalization of the developing countries' economic growth and development, and the international development strategy for the fourth United Nations development decade. His delegation hoped the special session and the elaboration of the new strategy would provide opportunities for developed and developing countries to reach an understanding on solutions to the monetary, financial, economic and trade issues which were of crucial importance for the development process.

20. The members of the international community had the collective capacity to transcend the challenges faced, given the political will and mutual understanding required for joint action. The generating by the Council of such political will and mutual understanding would signify a notable success.

21. Mr. PAOLILLO (Uruguay) said that the closing decade had been a lost one for development and it was time to reflect about ways to prevent the 1990s from being the same. It was true that change was inherent in economic life and that imbalances seemed to be a feature of the international economic system. However, the depth and scope of the changes and imbalances were such that their consequences for the developing countries were bound to remain of foremost concern.

22. The year 1988 had been marked by a sharp acceleration in the world economy's growth rate, but only the developed nations and a handful of developing countries had benefited from it. Trade in goods and services among the developed countries, and between them and the socialist countries, had increased markedly. EEC was working towards economic integration; the socialist countries were preparing to intensify their trade, financial and technological relations with the industrialized world; and Japan's share in world trade had increased substantially. During that time, most developing countries, particularly those of Latin America and Africa, had seen their relative share decline.

23. As far as production was concerned, scientific and technological advances had altered the traditional notion of comparative advantage which had helped the least developed countries. The result had been not only a great concentration of production but also an expansion of trade in the industrialized nations, whereas the developing countries, in order to maintain their position, had had to redouble their efforts. At the same time, the roles of the various players in the world economic scene had profoundly changed: the United States had entered into trade deficit and become a net importer of capital, unlike Japan and the Federal Republic of Germany, which had become net exporters. Latin America and the Caribbean had become net exporters of financial resources to the industrialized countries as a result of debt servicing. That adverse situation seemed unlikely to be reversed in the near future, although the net reverse flow of resources had become evident even to those who, during the 1988 session of UNCTAD, had refused to acknowledge its existence.

24. In order to overcome the current crisis, the developing countries must improve their importing capacity and economic management and carry out internal transformations; but the trade and financial context in which they found themselves also had to be altered. Uruguay provided a good example. It had scrupulously adhered to the model prepared by IMF within the framework of stable, democratic structures, it had renegotiated its debt and undertaken the requisite internal adjustments despite their social costs, kept to an acceptable inflation rate, reduced its budget deficit and opened its financial market. But those measures had not been followed by any large-scale inflow of foreign capital, any more than by a return of domestic capital; in other words, countries' own efforts were in vain if the international context was unfavourable. The developed countries did not always take into account, in the policies they applied, the effects the latter might have on the world economy. Their budgetary policies had contributed to imbalances, to higher interest rates and to the persistence of financial flows unfavourable to the developing countries. Even more alarmingly, the co-ordination machinery established by the Governments of the major industrialized countries worked badly and had not helped to alleviate the serious trade imbalances among those countries; as a result, the world economy's main indicators—interest rates, exchange rates, prices of energy and other commodities—became highly unstable. That instability, which made the developing countries' situation even more difficult, was expected to persist during the coming decade.

25. All those phenomena had had very adverse effects on the regions' economies. In Latin America and the

Caribbean, high interest rates, together with deteriorating terms of trade and the restrictions imposed on access to external funding, had made growth even harder, and often impossible, for countries already penalized by external indebtedness on account of their position as commodity exporters. The crisis had forced them to reduce investment, thus widening further the gap separating them from the industrialized countries, particularly in the rapidly evolving spheres of science and technology. The situation, described by ECLAC as dramatic, was the more so in that the crisis was affecting only the third world, the industrialized nations having managed to check inflation and even, on occasion, to reduce unemployment. The contrast made it even more necessary and urgent to transform the international economic order, a task which required reflection, co-operation and negotiation. The special session of the General Assembly for 1990 provided a unique opportunity to undertake that task, and the new international development strategy should make it possible to consolidate that session's decisions. Particular attention should be paid, in that regard, to finding solutions to the major problems, namely, those connected with the vast transfers of financial resources from the developing countries to the others. The foremost problem was that of external indebtedness; the next was access to world markets for the developing countries' exports and the removal of protectionist barriers and other unfair measures; the third concerned the need to promote financial and technological flows to developing countries, to enable them to develop their human resources and eradicate poverty.

26. One fact was indisputable: whereas the international community had, during four decades, applied immense co-operation efforts to development, vast regions of the world—Latin America and Africa in particular—continued to struggle in a deep and lasting crisis which was seriously damaging their social services and threatening the stability of their political institutions. But that deterioration was not irreversible; it could be halted by taking courageous measures in order to bring together the world of prosperity and progress and that of poverty and insecurity. During the second half of the closing decade, new relations had been established between the great Powers, and the international political climate had improved. New prospects were opening which should foster the growth of international economic co-operation. It was time for the Governments and financial institutions of the industrialized countries to recognize at last that, in an interdependent world, the security and prosperity of some could no longer be based on the marginalization and poverty of others, as had been the case in the former eras of colonialism and imperialism. They must act accordingly if they wished to prevent the tensions and conflicts from worsening and undermining international security, which would be to the detriment of all.

27. Mr. BENHIMA (Observer for Morocco) said no one would dream of denying that international economic relations were becoming increasingly complex, that politics, economics, security and development were closely linked, or that socio-economic phenomena were truly interdependent. Although some problems that were political in nature had recently been unravelled, there had been no commensurate progress in international economic relations. There was no disguising the fact that the closing decade had seen a halt to the North-South dialogue and the paralysing of global negotiations aimed at ending the crisis. Without casting blame on any quarters or levelling charges, some lessons should be drawn from the current decade so as to determine its failures and shortcomings, in order that the future could be planned on a sounder, clearer and more lasting basis. The growing interdependence among countries and economic systems involved each one in responsibility for the economic and social development of all the world's peoples.

28. The approach of the next millenium must be marked by the adoption of integrated development plans taking into account the fundamental needs of all, individual cultural features and the need to respect human dignity. It was right to invest the highest hopes in forthcoming international conferences and gatherings to deal with current economic problems. The special session of the General Assembly for 1990 and the preparations for the new international development strategy must so mobilize all forces as to align policies as harmoniously as possible towards achievement of realistic qualitative goals; solutions must be found which went beyond individual or sectoral actions, and the world community as a whole should be engaged in the cause of development.

29. Without losing sight of that prospect it was essential, however, to deal with what was most urgent and remove the prevailing uncertainties in international economic relations, while striving to solve the structural problems and learn from the achievements and mistakes of the past. One of the greatest of those problems was certainly the developing countries' external debt crisis and its economic, political and social implications, especially for the most indebted and least advanced countries. The crisis remained as acute as ever, the debt currently standing at a staggering $1,320 billion. That figure represented one half of the developing countries' GDPs, and external debt servicing continued to absorb a large portion of their export earnings—thus creating a major obstacle to a real resumption of growth. The net transfer of resources from developing countries to their creditors had already swollen by $10 billion in 1988; it was clearly of the utmost urgency to find ways of limiting such a reverse flow.

30. The reverse transfer of resources between North and South, protectionism in all its forms (which could hardly be eradicated by the end of the century if the Uruguay Round failed) and fluctuations in commodity prices, interest rates and currencies were all nullifying the benefits that might have been expected from rescheduling or writing off external debt. Living conditions continued to worsen for peoples in many countries, decimated by famine and natural disasters or threatened by malnutrition and environmental degradation. The rescheduling of the developing countries' external debt did indeed lighten that burden for them in part or for a time,

and some developed countries had undertaken praiseworthy bilateral or multilateral initiatives to write off their credits. But whatever the merits of those measures, steps were needed which went beyond such palliatives and promoted a global strategy to deal with all aspects—human, social, environmental and, of course, financial and trade—of the international situation.

31. The situation in Africa, where crisis management and adaptation to the specific features of local economic structures of *ad hoc* measures dictated by adjustment programmes were still the authorities' major concerns, showed how inadequate the measures were to deal with the problems faced. In that regard, the African Alternative Framework to Structural Adjustment Programmes for Socio-economic Recovery and Transformation constituted a positive response designed to apply the necessary correctives in order to take due account of the social dimension of development and financial recovery programmes. The idea of designing structural adjustment programmes with the African economies' sustained development in view accorded fully with the objectives of the guideline plan being implemented by Morocco, which focused, as a matter of priority, on a policy of decentralization, giving prominence to harmonization and the participation of all those involved in economic and social affairs.

32. Morocco's development policy was pragmatic and realistic; it took account of the constraints imposed by economic balances and the international climate on the one hand, and its legitimate desire to expand and uphold the major national interests on the other. Considerable efforts had been applied, in the restructuring of the Moroccan economy, to removing obstacles to growth; the policy aimed at supporting market mechanisms and creating favourable conditions for competition and improved output. Customs and exchange control procedures had been simplified to that end, and a financing system covering the main production and marketing phases had been established. Measures had also been taken in regard to monetary and credit policy, foreign trade, the banking sector and the promotion of new financial instruments. In order to consolidate the results achieved, the current trend was towards promotion of growth, in order to foster employment and enhance living standards; easing constraints on external financing by reducing the foreign debt; adapting to changes in the world economy, giving priority to economic openness and competitiveness; and preparing the Moroccan economy for a fresh impetus stemming from the creation of the Maghreb Arab Union and the prospect opened up by the single European market.

33. Morocco was aware that efforts made at the national level were viable only if they were matched on a regional, interregional or continental scale. That was why it worked untiringly for the establishment of regional integration plans. In that regard, the long-awaited establishment of the Maghreb Arab Union was a historic event aimed at peace, stability and the search for a common prosperous future. But it was not to constitute a rampart between the Maghreb of Africa on the one hand and Europe on the other. Morocco, given its geographical situation, regarded itself as having a mission—to be the meeting point which would enable peoples or economic groupings to communicate and to complement one another. In that spirit it was contributing to the development of the African economies by participating in the establishment of a transport infrastructure: construction of the Moroccan sector of the Tangier-Lagos road link had been completed. It was also actively engaged, together with Spain, in completing studies for the Europe-Africa permanent link through the Strait of Gibraltar.

34. Morocco, anxious to lose no opportunity of promoting co-operation and integration for the developing countries' economies, had recently organized a ministerial conference on fishery co-operation among the African Atlantic Ocean coastal States. That conference had adopted a declaration clearly identifying the spheres in which the States concerned could co-operate in various ways, including evaluation, preservation and development of fishery resources, and upgrading of the fish product handling and marketing infrastructure.

35. Morocco thus clearly showed its conviction that development was first and foremost the task of the developing countries themselves. It welcomed the entry into force of the Agreement Establishing the Common Fund for Commodities and the Agreement on the Global System of Trade Preferences among developing countries; it hoped that those two instruments would be supported by all and that their implementation would be successful, thus opening the way to the establishment of further machinery for co-operation among developing countries.

36. Those countries were living in a fragile ecosystem with limited resources, and it was fortunate that the international community had at last recognized the gravity of environmental problems, which had been considered with a great deal of concern at various international conferences such as those held at Basel and Montreal. The Group of 77 had pointed out the close link between environment and development; it had affirmed, in the Caracas Declaration,[2] that poverty and environmental degradation were inseparable problems and that environmental protection must be an integral part of the development process.

37. The advanced nations' efforts would be more effective and better appreciated if the assistance they provided was matched by harmonized macro-economic policies compatible with uniform growth so as to bring about a development which would respect the dignity of people the world over. The time appeared ripe for an overall review of the current production and consumption patterns, which had led to some extreme situations: malnutrition, hunger and economic disarray on the one hand, dilapidation and over-exploitation of resources on the other. The contrast was becoming increasingly stark, and the situation threatened all mankind even down to

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[2] A/44/361, annex.

the most vital element, the air it breathed. Given the necessary political will, however, mankind could contain or remove the threats to its existence.

38. Mr. PARK (Observer for the Republic of Korea) said that the Council had done well in choosing to give particular attention to the question of structural changes and imbalances in the world economy, since those phenomena and the adjustments they required were a matter for grave concern for developed and developing countries alike.

39. Although the world economy had recorded a growth of some four per cent during the past year, growth in most developing countries had lagged far behind, largely due to exchange-rate instability, rising protectionism, deterioration of the terms of trade and, above all, the ever heavier burden of external debt. Adjustment had become necessary and developed and developing countries must face the task with the utmost urgency. Their efforts in that sphere must take into account the increasingly close interdependence in the world economy and the need to strengthen international economic co-operation if the world economy was to grow and develop. That interdependence meant that multilateral approaches were increasingly useful and effective. In that connection, he welcomed the recent entry into force of the Agreement Establishing the Common Fund for Commodities, which would help to stabilize commodity markets.

40. It was hoped that the major industrialized nations would take constructive initiatives to redress the present structural imbalances and sustain world economic growth, taking due note of the developing countries' views as set forth in the Caracas Declaration. His delegation welcomed the trend towards openness and economic reform recently noticed in the planned-economy countries, since the gradual integration of those economies into the global economic system would contribute to the improvement of the international political and economic climate.

41. The debt burden had become almost intolerable for some developing countries and was seriously hampering their economic growth. It would be impossible to solve the problem without resorting to a more comprehensive approach. He agreed with the view expressed in the *World Economic Survey 1989* (E/1989/45) that the debt crisis was essentially a political problem. Assistance must be given to the least developed countries severely affected by the debt problem, particularly those in sub-Saharan Africa, in order to ensure a minimum standard of living for the people in those countries.

42. His delegation found the rise in protectionism disquieting. It believed that the Uruguay Round of multilateral trade negotiations within GATT should help to reverse the protectionist tendency and enable States to renew their commitments to free trade. All countries, developed and developing, should endeavour to make the negotiations successful.

43. The international community must concern itself, as a matter of urgency, with the problem of environmental degradation because, if pollution and disruption of the ecosystem continued at the current pace, the very survival of all mankind would be threatened. It was gratifying to note, in that regard, that a United Nations conference on environment and development was to be convened in 1992.

44. The Republic of Korea, which itself had greatly benefited from international economic co-operation, both bilateral and multilateral, firmly believed in the benefits of economic co-operation among nations, particularly South-South co-operation. In 1987 the Korean Government had established the Economic Development Co-operation Fund, which was now fully operational, and intended to increase the Fund's resources to $500 million by 1990. Its investment in developing nations had reached $567 million by February 1989, representing more than half its total overseas investment.

45. The Republic of Korea attached great importance to the preparation of the new international development strategy and to the special session of the General Assembly for 1990, and was ready to participate in those undertakings.

46. He hoped that the United Nations, and in particular the Economic and Social Council, would be able, through enhanced effectiveness, to play a major co-ordinating role in the common efforts to bring about a more prosperous world in the next decade and beyond.

47. Mr. VARGAS (Nicaragua) said that the Economic and Social Council dealt with issues which were crucial to mankind's future, such as the changes and structural imbalances in the world economy which were creating an ever-widening gap between North and South. After a prolonged recession, some of the major industrialized countries had experienced an upturn in their economic situation. In 1988 world economic growth had been in the order of 4.3 per cent, against 3.3 per cent in 1987, and the volume of international trade had risen by 8 per cent. But not all countries had benefited equally from that growth, and per capita income in most of the poorest countries had declined instead of increasing. It seemed, in fact, that the growth was going to peter out before others had a chance to share its benefits, since the industrialized nations had been adopting measures, at the end of 1988 and in early 1989, aimed at containing inflationary pressure. The rate of world economic growth was expected to fall from 4 to 3.5 per cent in 1989 and to remain at roughly that level in 1990.

48. The developing countries' indebtedness was one of the gravest aspects of the world economic situation. Shrinking exports and high interest rate levels posed serious obstacles to repayment. In Latin America and the Caribbean the economic crisis had assumed dramatic proportions in 1988. Per capita income had fallen for the first time since the 1981-1983 recession, and inflation had continued to rise to an unprecedented figure of 530 per cent. Overall trends in world trade and economic activity during 1988 had been unfavourable for most of the developing countries; the terms of trade in commodities

had continued to worsen, falling to their lowest level since 1932.

49. The unprecedented prosperity enjoyed by most of the world since the Second World War had been founded on a likewise unprecedented integration of the world economy. Countries had co-operated in promoting international trade and investment. But the most powerful nations had declined to share the prosperity with the poorest nations and had tried to eschew co-operation in order to protect their short-term interests. A growing number of developed countries were increasingly disregarding the rules of international trade and entering into bilateral agreements of a discriminatory nature. What was needed was an intensified effort of co-operation among nations and peoples, so that common problems could be overcome through a more equitable sharing of wealth. A country's debt repayment capacity depended on growth of its national income and long-term export opportunities. That was an important reason for removing the obstacles to the developing countries' exports.

50. The developing countries were experiencing an economic downturn, characterized by privation and leading to malnutrition and a rise in infant mortality and unemployment. That situation was weakening the capacity of their institutions to tackle the problems, was exacerbating their social conflicts and was undermining their political stability. Many developing countries had taken steps in an effort to increase their export earnings, but the efforts had failed because of protectionist measures adopted by the developed countries, including the United States, whose protectionist trade policy was harming the Latin American countries most particularly. It was essential that the Uruguay Round negotiations should go on strengthening and developing the multilateral trading system, and combating unilateralism and protectionism.

51. Nicaragua supported the Caracas Declaration and the statement by the Observer for Malaysia on behalf of the Group of 77 (18th meeting). The special session of the General Assembly in 1990 would offer a unique opportunity to close the gap between countries. Nicaragua also attached great importance to the revitalization of the Council, which it deemed a priority task.

52. In June 1986 the Presidents of the Central American countries had adopted the Esquipulas Declaration, which was evidence of their determination to strengthen integration and resume economic growth. In it they had, *inter alia*, reaffirmed the will to revise, update and stimulate the integration process and to promote a common stance in facing economic problems such as external debt, the deterioration in the terms of trade and the transfer of appropriate technology.

53. Lastly, he recalled that, at the General Assembly's request, the Secretary-General had requested the preparation of a special co-operation plan for Latin America. The aim of that initiative was to focus external co-operation on certain priorities on which Central American Governments would reach agreement, with a view to consolidating peace and fostering development.

54. Mr. YAVUZALP (Observer for Turkey) said he shared the view that the deterioration of the international economic climate had been intensifying since the early 1980s, bearing particularly hard on the economies of the poorest and most vulnerable countries, where the effects had had serious social and political consequences. In particular, indebtedness had increased to such an extent in those countries that servicing it was absorbing a growing proportion of export earnings; in 1987 the net transfer of resources from the developing to the developed countries had risen to over $21 billion. The industrialized nations, for their part, were indeed recording overall growth, but the positive effects which that should produce were being offset by falling demand and production, protectionism and a rise in trading deficits and interest rates. The world's weak economic growth was also unevenly distributed: in West Asia, Africa and Latin America per capita income was currently lower than it had been nine years previously.

55. Despite that unfavourable situation, developing countries had increasingly been negotiating, with international institutions, the financing of structural adjustment programmes aimed essentially at reducing overall public spending, refocusing public investment in the production sector, devaluing the national currency, liberalizing markets and rescheduling debts. Those countries had been forced to choose which category of social development expenditure should be given priority. But it had not always been noticed that central administrative and defence spending had increased in proportion to the cuts in social budgets, which affected health and social spending in particular; moreover, structural adjustment programmes, viewed at the outset as short-term solutions, had become transformed into long-term strategies.

56. In that situation a revival of development, growth and international trade and promotion of co-operation, at the national and international levels, seemed essential in order to support development-oriented adjustment programmes in the developing countries. Continuous monitoring of the content of the adjustment policies adopted was likewise essential in order to safeguard social development and ensure that the outcome of adjustment benefited the population as a whole. Sustained growth in the industrialized countries would assist the developing countries in carrying out their adjustment programmes and would limit the transfer of resources from poor to rich countries. The Secretary-General had been right to remind the Council (17th meeting) that stability and well-being were necessary for peaceful and friendly relations among nations. He agreed with the Secretary-General that progress achieved in the political field might prove to be illusory if it was not possible to satisfy the aspirations for betterment of the majority of the world's population.

57. The Secretary-General had also reminded the Council how fragile was the line between economic and social distress and the conflicts of violence, the torrents of refugees and other realities of the current world. The sudden mass expulsion to Turkey of members of the Bulgarian Turkish minority was such a reality. Every

day for a month, about 5,000 Bulgarian Turks had been expelled to Turkey. The total number of persons expelled already exceeded 130,000. Turkey continued to receive the victims of that tragedy and provide for their needs. But the international community should show its solidarity with the Bulgarian Turkish minority. Since the Council's session was devoted to economic co-operation and development, it was in other forums that the Turkish delegation would raise in greater detail the various aspects of that tragedy.

58. Mr. LAURIJSSEN (International Confederation of Free Trade Unions) said it was encouraging that the industrialized countries were increasingly accepting the need for multilateral solutions to global problems, as could be seen from the successful conclusion of the mid-term review in the Uruguay Round of multilateral trade negotiations and the acceptance of the Brady Plan in the Development Committee of IMF and the World Bank. However, it was extremely disheartening to note that Governments and international institutions were not yet giving the social and the financial aspects of their economic policies equal attention. The number of people currently living below the absolute poverty threshold was 950 million, compared to 820 million in 1980. As the Deputy Director-General of the International Labour Office had said (19th meeting), 40 million jobs would have to be created every year until the end of the century simply to keep pace with the expected growth of the world population and labour force, let alone to reduce unemployment. Employment and social justice remained, however, the keys to success in the struggle against poverty. For working people in most of the developing world, the 1980s had been virtually a lost decade.

59. Structural adjustment, which had become unavoidable and indispensable nationally and internationally, was currently badly prepared; measures were being decided upon in haste between small teams of negotiators from international financial institutions, commercial banks, finance ministries and central banks. Ministries of labour, education and health, not to mention organized labour and the business community, were often left out. But economic programmes and reforms would work only if supported by a broad national consensus, which could be achieved only with the co-operation of all social partners.

60. There had long been a need for a broader, more socially oriented approach to solving the external debt crisis. After years of inconclusive negotiations and piecemeal measures, IMF and the World Bank were at last considering a new approach which would recognize the need to reduce the debt and involve large-scale comprehensive action by creditors and debtors. ICFTU endorsed President Mitterrand's proposal for a new issue of SDRs, which would make available the indispensable financial resources.

61. The debt crisis and high interest rates of the 1980s had threatened to undermine democracy, as had been shown by the tragic events of February 1989 in Venezuela, which had clearly shown that tackling poverty and unemployment must take precedence over repayments to the international banks.

62. Mrs. REIDY (United States of America), speaking in exercise of the right of reply, recalled, with reference to the statement by the Observer for Panama at the 24th meeting, that for many years the United States had enjoyed a warm relationship with Panama and had worked to help Panama become and remain one of the soundest economies in the Americas. Since the May 1989 elections, however, Panama had been the scene of numerous human rights violations and the country's economy had greatly suffered. The United States was highly concerned at the situation in Panama and the fate of the Panamanian people. The disquiet and lack of confidence felt by the United States was entirely due to the numerous errors committed by the régime clinging to power in Panama. The United States Government deemed it impossible for the economic situation in Panama to improve until the country had restored the political stability needed in order to inspire confidence on the part of foreign investors.

63. Mr. BERAHA (Bulgaria), speaking in exercise of the right of reply, said that the accusations made by the Observer for Turkey against Bulgaria were devoid of any foundation and that the Council, moreover, was not the forum in which such issues should be raised.

64. For years, Turkey had been waging a campaign of defamation against Bulgaria which it had recently intensified under the pretext of upholding the rights of a Bulgarian minority which did not in fact exist. Turkey was alone, moreover, in making such accusations, whose aim was doubtless to distract the attention of world public opinion from human rights violations committed in Turkey itself.

65. Bulgaria had recently adopted, in a genuine effort of democratization and pursuant to the directives set forth within the framework of CSCE, new laws to protect civil and political rights; Bulgaria permitted all its citizens to travel freely throughout the world and was clearly carrying out no deportation or expulsion of anyone. The Bulgarian Government had, in fact, gone to the trouble of issuing an official denial of all the uncalled-for accusations levelled at it in that regard, and had recently circulated its protest as an official United Nations document. Nevertheless, Bulgaria renewed the invitation which it had made several times to Turkey to begin bilateral talks, without any pre-condition, on any problem that might genuinely exist between the two countries.

66. Mr. YAVUZALP (Observer for Turkey), speaking in exercise of the right of reply, said he wondered whether the representative of Bulgaria really gave credence to the line which he was obliged to take and whether he expected to convince the Council and the international community as a whole. The representative of Bulgaria was in fact claiming that the 130,000 persons so far expelled were tourists exercising their right to travel as they wished. It was odd, however, for tourists to be conveyed in convoys of military vehicles or special

trains to one and the same destination, the Turkish frontier, where they were off-loaded like cattle, with no possibility of returning to their homes and no way of knowing what was to become of their possessions. It was strange that only the Bulgarian Turkish minority had for one month been enjoying such freedom to travel, and that the number of those tourists in one particular category was already much higher than the total number of Bulgarian tourists who, over several decades, had been able to travel at all. It was also strange that citizens of Bulgarian origin should show so little appreciation of the freedom to travel which their Government had just granted them. Whatever the representative of Bulgaria might say, there had been a downright mass deportation, in violation of all international norms and undertakings entered into, and the arguments put forward to disguise it were every bit as revolting as the action itself.

67. Mr. VILLARREAL (Observer for Panama), speaking in exercise of the right of reply, said that the grave economic and political crisis currently affecting Panama represented only one very limited aspect of the economic and military aggression being waged by the United States of America against his country. The Panamanian authorities had always stated as their wish that the crisis should be solved by the Panamanians themselves, free from any foreign interference. Panama would not put up with having either its domestic or its foreign policy dictated to it.

68. Mr. BERAHA (Bulgaria), speaking in exercise of the right of reply, pointed out, with regard to what the Observer for Turkey had said, that he officially represented Bulgaria and upheld Bulgaria's position with all due sense of responsibility. The Observer for Turkey had indulged in an exercise of mere imagination. It could hardly be in Bulgaria's interest for Bulgarian Muslims to leave the country when it had a shortage of workers in agriculture and industry. Bulgaria would like those workers to return. Muslims were fully respected in Bulgaria and exercised all their rights there. Indeed, many regretted having left the country. Bulgaria reiterated to Turkey its readiness to undertake bilateral discussions free from any pre-condition whatsoever.

69. Mr. YAVUZALP (Observer for Turkey), speaking in exercise of the right of reply, said that a very wide divergence was clearly discernible between the version of the facts given by the Bulgarian Government and repeated by the Bulgarian delegation in the Council, on the one hand, and the version put forward by the press and foreign observers, on the other. The representative of Bulgaria should realize that he would not succeed in deceiving world opinion.

The meeting rose at 5.30 p.m.

26th meeting

Wednesday, 12 July 1989, at 10.15 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.26

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. CHABALA (Zambia) commented that Denmark, the President's country, and some other Nordic countries had demonstrated their commitment to development by exceeding the 0.7 per cent ODA target, a performance which contrasted with that of several other developed donor countries, whose ODA had declined both absolutely and as a proportion of GNP. Without commitment of that kind, such problems as the debt crisis, adverse terms of trade, protectionism, the negative transfer of resources, severe poverty, environmental deterioration and macro-economic imbalances could not be effectively dealt with. Although the developing countries bore the primary responsibility for their development, industrialized countries also had an inescapable responsibility to create a supportive international economic environment, particularly by encouraging trade liberalization and by reducing the debt burden.

2. The debt crisis demonstrated the injustice of international economic relations and the inadequacies of existing financial institutions. Although the industrialized and developing countries shared responsibility for the genesis of the crisis, the brunt of adjustment was being borne by the debtor countries and the lower-income groups within them. In Africa debt servicing had reduced both the amount of foreign exchange available for essential imports of agricultural and industrial inputs and the resources available for new investment and maintenance of existing capital stock. As an example of the inadequacies of the existing international financial institutions he pointed out that, since 1986, IMF had received net return flows in excess of $2 billion from sub-Saharan

African countries, in spite of the establishment of the Structural Adjustment Facility and the Enhanced Structural Adjustment Facility. Disbursements had been slow. Only SDR 662 million of the SDR 1.6 billion committed to sub-Saharan Africa had been disbursed between March 1986 and March 1989. Both IMF and the World Bank must provide net inflows and on softer terms, which would entail faster disbursement of IMF, IDA and World Bank loans, expansion of the Enhanced Structural Adjustment Facility and a softening of its terms to match IDA, a softening in the terms of the IMF extended fund facility and a larger replenishment for IDA. The total resources of the institutions should also be increased, so that funds committed to debt reduction were additional to current financial flows. Lack of adequate external financing had contributed to the failure of conventional adjustment programmes in countries such as Zambia. An enlarged lending capacity for international and regional banks, such as the AfDB, was also vital. Although recent debt management initiatives, including the Agreement arrived at in Toronto in June 1988 by the seven major industrialized countries, were commendable, further substantial relief was essential for Africa.

3. The case for increased transfers of real resources to developing countries was as valid as ever, yet developed countries and international financial institutions continued to receive net transfers of real resources from the developing world. Africa had become a net exporter of capital.

4. Commodity price stabilization was of particular importance to many developing countries, including Zambia. His delegation accordingly welcomed the entry into force of the Agreement Establishing the Common Fund for Commodities. It hoped the Fund would give momentum to the conclusion of international commodity agreements and permit the implementation of various development programmes proposed by existing commodity organizations. The Secretary-General had recognized the critical nature of Africa's commodity problems by setting up a high-level expert study group, whose recommendations were eagerly awaited.

5. In many African countries officials of international financial institutions had played a dominant role in the design and implementation of adjustment programmes. The negotiations tended to be one-sided and countries had been forced by the gravity of their situation to accept conditions that could not be implemented or could only be implemented at great social cost. The failure of conventional adjustment programmes had led to the adoption by the 15th Joint Meeting of the Conference of Ministers, in its resolution 676 (XXIV) of 7 April 1989, of the African Alternative Framework for Structural Adjustment Programmes for Socio-economic Recovery and Transformation. His delegation joined the Executive Secretary of ECA (23rd meeting) in appealing to the international community to support the African countries in the implementation of their national programmes and to increase financial support for Africa. The Alternative Framework offered a real prospect of putting the African economies on the path of growth and development. Some elements of the Framework had already been applied by Zambia in its Recovery Programme, which had achieved a real growth rate of 6.3 per cent against a background of reduced levels of ODA.

6. The Alternative Framework particularly required international support in the sphere of production and in the political field. Violence in Mozambique had had disruptive effects on socio-economic development in neighbouring countries, including Zambia, and regional development organs like SADCC were also targets for destabilization by South Africa. The international community should prevail upon South Africa to negotiate with genuine representatives of the oppressed majority population.

7. His delegation reaffirmed its support for other resolutions adopted by ECA, including resolution 656 (XXIV) on the proclamation of a Second Industrial Development Decade for Africa, resolution 659 (XXIX) on review of the achievements of the ECA Multinational Programming and Operational Centres, resolution 669 (XXIX) on the African Institute for Economic Development and Planning, and resolution 667 (XXIV) on measures for strengthening ECA's special programme for the least developed, land-locked and island countries.

8. So grave were the threats to the world's environment that policy-makers in Zambia were required to ensure that environment issues were incorporated in national development plans. As to food security, the international community should supplement the efforts of developing countries to obtain self-sufficiency in staple foods.

9. His delegation hoped the special session of the General Assembly in 1990, devoted to international economic co-operation, in particular to the revitalization of economic growth and development in the developing countries, and the preparations for a new international development strategy for the fourth United Nations development decade would provide guidelines for reconstructing the world economy for the benefit of the entire community of nations.

10. Mr. KASRAWI (Jordan) said that the value of the Council's discussion of structural changes and imbalances in the world economy might be enhanced if it culminated in a statement of agreed or shared conclusions, a presidential statement or even a Council decision. In that context, he recalled the suggestion by the previous Director-General of Development and International Economic Co-operation that the Council debate and the debates in the Trade and Development Board and the Second Committee of the General Assembly should be complementary.

11. The 4.3 per cent growth in world output and the 8.3 per cent increase in the volume of international trade reported by the *World Economic Survey 1989* (E/1989/45) were impressive, but the improvements had been largely confined to the developed market economies, newly industrialized countries and a very small number of developing countries. In many of the latter, per capita incomes had declined, particularly in Latin

America and Africa, while in West Asia growth rates throughout most of the decade had been negative if the rate of population increase was taken into account. There were two sets of structural imbalance problems, the first between North and North and the second between North and South. A point to bear in mind was that the North countries were equipped with policy tools to redress the imbalances between them whereas most developing countries were price-takers and needed international economic co-ordination and multilateral action to support them. In that context the special session of the General Assembly for 1990 was important. He hoped the special session would agree on measures to alleviate the problems of underdevelopment and reactivate growth.

12. The debt crisis was the most serious of the developing countries' economic problems and the need to resolve it was more urgent than ever. Any solution must meet the needs of the heavily indebted, the middle-income and the least developed countries. The structural adjustment efforts of an increasing number of developing countries, including his own, needed to be supplemented by a favourable external environment. Their most urgent need was for levels of investment sufficient to ensure resumed growth. As the Under-Secretary-General for Economic and Social Affairs had pointed out (18th meeting), there must be a redirection of capital flows to meet the vast investment needs of the developing countries.

13. Renewed emphasis was being placed on the need to conserve and protect the environment. The issues involved were global in nature and called for a global strategy, with emphasis on the special responsibility of the developed countries. Jordan attached special importance to environmental protection, and King Hussein had personally participated in the Hague Summit on the protection of the Earth's atmosphere, held on 11 March 1989. His delegation welcomed the proposal to hold a second conference on environment and development.

14. The 1980s had been a decade of special difficulties for the developing economies. He hoped the coming decade would see a reversal of the trend. Experience showed that productive results could be obtained through international co-operation, and he hoped that constructive dialogue and use of the machinery of the United Nations and other international institutions would continue to be intensified.

15. Mr. BABUL (Observer for Chile) said his delegation hoped progress would be made during the session on such vitally important topics as regional co-operation, food and agriculture, population and human settlements, as well as on the question of the Council's revitalization.

16. Efforts to restore growth and development in the developing countries were of vital importance and should be considered in depth during the special session of the General Assembly in 1990. The developing countries had acquired greater weight in the world economy because of their increased share in world production, trade and income, and their strategic function as suppliers. It was important, therefore, to formulate a strategy which was fully incorporated in the international economy. A consensus approach to development and recovery required objective analysis of the world situation and a political will to mobilize efforts in support of an international action programme, including urgent and interrelated measures in the major spheres of commodities, trade and finance, taking into account the interdependence of the various sectors and the need for predictable financial flows. The international financial institutions' capacity for direct action must be strengthened and sustained co-operation by private international banks should be fostered. Supplementary short-term resource flows to the developing countries should be coupled with debt rescheduling and trade liberalization to improve the developing countries' balance-of-payments position.

17. An inappropriate mix of monetary and fiscal policies in the developed countries had led to high interest rates and exchange-rate instability and aggravated the effects of recession. There was need for greater market access in developed countries for developing-country exports and an improved GSP. Efforts should be made to forestall new protectionist measures and ensure compliance with the GATT rules. With regard to commodities, tariff barriers should be removed and protectionist pressures in the developed countries resisted.

18. To enable the developing countries to play their part as a stabilizing and dynamic influence, it would be necessary to work towards a multilateral trade system that promoted industrialization, diversification, export growth and other structural changes in developing countries, a monetary and financial system that enabled them to deal with structural and short-term balance-of-payments problems, a broader international framework to stabilize commodity markets and international institutions capable of increasing justice and equity in world economic relations.

19. Full compliance with the Punta del Este undertaking, which had initiated the Uruguay Round, was essential if the multilateral trade system was to be strengthened. In order to achieve a universal, efficient monetary system the developing countries must be enabled to participate in and share responsibility for decision-taking in the international financial institutions. With regard to commodity trade, special ties based on mutual interest should be established between countries of North and South in the form of joint ventures and investment projects. Developed countries should resist protectionist pressures and provide free markets in which low-cost commodity producers could benefit from their comparative advantage. Although such external measures could not replace national effort, the prime mover of development, and increased economic and technical co-operation among developing countries, they would be a major first step towards the solidarity, justice and development the world expected of the United Nations.

20. Mr. AGUILAR (Venezuela) said that in 1988 as in 1987 there had been little or no growth in most developing countries. The economic crisis had deepened and structural imbalances in the industrialized nations had

become more acute. Although expansion had continued in the developed countries, nothing had been done to prevent the imbalances from adversely affecting the rest of the world, especially the developing countries. The centrally planned economies were pursuing a programme of reform, including decentralization and changes in monetary policy, aimed at integrating their economies in the mainstream of the world economy.

21. For the developing countries, however, the 1980s had been a lost decade for development. In Latin America and the Caribbean overall growth had been virtually nil and the prospects were not encouraging. As the *World Economic Survey 1989* pointed out, only a significant improvement in net resource transfers would enable the developing countries to undertake the investment needed for successful adjustment. As President Pérez had said earlier in the year, the adjustment programmes had been futile and developing countries owed more than they had done seven years ago.

22. Although new approaches to the debt problem, such as the Brady Plan, had begun to emerge, commercial banks had not shown the flexibility and sense of urgency the new strategies required. President Pérez had proposed the creation of an agency to deal specifically with the debt problem on lines similar to those recommended in the *Survey*. An international debt facility would be a major step forward and should be carefully considered since it would permit global rather than individual action. The primary goal of the special session of the General Assembly in 1990 should be to achieve the political agreement needed to deal with co-operation and development problems. The session should result in concrete decisions reflecting the world community's commitment to international co-operation in undertaking the short- and medium-term action needed to reactivate growth and close the gap between most developing countries and the industrialized world.

23. The new international development strategy should reflect the concerns voiced in the Council and General Assembly. In particular, it should embody a commitment concerning the net outflow of resources from developing countries, which was a major obstacle to development.

24. His delegation agreed with the *Survey* that technological changes were needed to improve energy efficiency with due regard to environmental considerations. Further scientific research was required into the environmental impact of fossil fuels since there was no conclusive evidence that global warming was caused solely by the combustion of fossil fuels. His delegation welcomed the growing multilateral dialogue on environmental issues and the decision to convene a United Nations conference on the environment and development.

25. With regard to the revitalization of the Council, his delegation would have welcomed proposals relating to the structure and composition of a separate and identifiable secretariat support structure but understood that a report would be made to the General Assembly at its forty-fourth session. In his delegation's view, a step had been taken in the right direction.

26. External debt was no longer a purely financial and economic problem. It had far-reaching social consequences and was a major factor in the spread of poverty. In Latin America the number of people below the poverty line had risen from 160 million in 1960 to 175 million in 1985 and was expected to reach 204 million by 1990. Even if the debt problem were solved immediately, the adverse social consequences would persist for many years. The phenomenon was one to which the Council should give attention. Venezuela had already put forward ideas in the Commission on Human Rights in connection with the implementation of the declaration on the right to development.

27. In most developing countries, hunger and malnutrition were on the increase. Poor housing and inadequate expenditure on health and social security were reflected in rising morbidity and mortality rates, while social turbulence was increasing, threatening stability and democracy. Social and political factors played a fundamental role in economic development and must be considered in that context. As the Secretary-General had said (17th meeting), almost all the momentous events of recent years were a reminder of the close links between political stability and economic and social progress.

28. At its ministerial meeting, held at Caracas from 21 to 23 June 1989, the Group of 77 had reviewed the work carried out during the 25 years of its existence and adopted the Caracas Declaration,[1] which called for systematic action to further solution of the problems of international relations. It had endorsed the developing countries' undertaking to solve international economic, social, cultural and humanitarian problems through international co-operation in conformity with the principles of the Charter and had renewed its appeal to the developed countries to enter into frank dialogue with the South.

29. The political and social consequences of the crisis of development were beginning to manifest themselves with explosive, tragic and accumulating effect. The developing countries' warnings had been well founded. The forthcoming Paris summit of the Group of Seven would provide an opportunity for the most powerful nations to propose solutions, notably for the external debt problem. What was required was not aid but changes in the direction of a trade, financial, technological and social structure that would free the developing countries from their current poverty. He hoped the principles of liberty, equality and fraternity, which had profoundly influenced the independence movement in much of the New World, would inspire the needed changes in international economic relations.

30. Mr. BUTLER (Secretary-General, International Telecommunication Union) said that the unprecedented changes in the telecommunication environment of the 1980s had accelerated in 1988 with significant consequences for all sectors of national economies as well as

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[1] A/44/361, annex.

for the global economy and for daily life. Those developments had had a major impact on the work of ITU.

31. From the international regulatory viewpoint, the second meeting of the World Administrative Radio Conference on the use of the geostationary-satellite orbit and the planning of space services utilizing it, held in Geneva from 27 August to 6 October 1988, had achieved a satisfactory result with the establishment of new regulatory provisions satisfying the objective of guaranteeing all countries equitable access to the geostationary-satellite orbit and the frequency bands allocated to all services. New planning provisions were included in the regulations enabling countries, for example, to develop their space radio communication services individually or in partnership with others, in order to satisfy their particular national, regional or global aspirations, and to find a suitable orbit position to meet their needs.

32. The World Administrative Telegraph and Telephone Conference, held at Melbourne from 28 November to 9 December 1988, had adopted the first integrated telecommunication service regulations to provide the necessary framework for the new international telecommunication service environment. The new International Telecommunication Regulations would provide opportunities for innovation, balanced by respect for national sovereignty and the global need for co-operation by all parties, Governments and service providers, from the public or private sector or a combination of both. The Regulations were as important in their way as the 1865 Convention which had established ITU.

33. The Conference had also called on ITU to take steps to modernize one of its permanent organs for standardization activities, the International Telegraph and Telephone Consultative Committee (CCITT), which was required to interact with ITU's other permanent organ, the International Radio Consultative Committee (CCIR), taking into account the convergence of technology and services. More effective arrangements for global standard-making must be assured. Not only had the pace of change increased but new regional standards organizations had emerged in some regions. Inability on the part of ITU to respond in a more dynamic way would have major consequences, including impediments to global trading as well as higher costs to users. Unless ITU's global bodies became more dynamic, manufacturing industries would be less cost-effective. For the developing regions and countries which depended on global standards for purchasing equipment and integrating new technologies and services, the cost consequences could be enormous.

34. The new elements of the telecommunication environment had been readily apparent at ITU's Thirteenth Plenipotentiary Conference, held at Nice in June 1989. The Conference's decisions were among the most important adopted by ITU since its foundation. First, ITU had adopted a permanent Constitution, together with an associated Convention, which would come into force on ratification or accession by 55 Governments. Another major decision called for an in-depth study by a high-level committee of representatives to review the structure and functioning of ITU. The study would cover the internal management of the permanent organs, including their organizational, financial and staffing aspects. The outcome of the study was expected to streamline ITU and equip it with resources and methods of work that could meet the challenges of the twenty-first century.

35. Another major decision had been to set up a permanent development organ, the Telecommunication Development Bureau (BDT), with the same status as the bodies responsible for the standardization and regulatory aspects of the ITU's work. The new organ would be headed by an elected director and its specific duties were enshrined in the new Constitution. Funds for the Bureau, whose sphere of competence would cover the dual responsibility of ITU as a United Nations specialized agency for co-operation matters and an executing agency for implementing related projects would come out of ITU's regular budget. The Conference's decision was a clear recognition of ITU's development function and provided the mechanism for the harmonious expansion and development of the global network and services for the benefit of all ITU members.

36. Further increases in other activities were foreseen. A reduced Regulatory Conference Programme had been offset by increasing requirements for consultative study meetings by CCIR and CCITT, as well as increased information exchange required by members for the co-ordination, planning and operation of services, networks and systems.

37. While recognizing that there had to be growth in development activities through the Telecommunication Development Bureau, the Conference had been faced with the severe consequences of limited funds for other purposes. The financial limits it established would bring about global cuts on staff engaged in other regular activities. The provision in the Constitution for extension of the principle of equitable access to the geostationary orbit and associated frequency bands to all frequency bands associated with all other radio communication services would be of undoubted significance in the World Administrative Radio Conferences Programme for 1992 and 1993. Also, there were specific new provisions relating to the role of ITU in facilitating world-wide telecommunications standardization. In that regard, CCIR and CCITT were responsible for issuing recommendations bearing in mind the need for ITU to maintain its pre-eminent position in the field of world-wide standardization for telecommunications. The introduction of those provisions put special emphasis on the need for reform through more timely and coherent results, improved working methods, approval processes and so on.

38. The review of the structure and functioning of the Union was in line with the views expressed by ACABQ, which had, on a number of occasions, expressed doubts as to the effectiveness of ITU structures, especially as far as the most effective use of resources was concerned. The structure review committee would make use of outside consultants and an Extraordinary Session of the ITU

Administrative Council had been called for November 1989 to initiate the detailed action. The Administrative Council had also been given authority to initiate, at its 1991 session, a restrictive form of Plenipotentiary Conference for the implementation of appropriate changes, depending on the progress of the studies. Such a Conference would also elect the Director of the Telecommunication Development Bureau, which was meanwhile under the guidance of the Secretary-General.

39. In the context of preparations for the new international development strategy for the fourth United Nations development decade, it should be borne in mind that there was need for a minimum telecommunication infrastructure to support all other national infrastructures and that telecommunication was a significant stimulator of development itself. As the Secretary-General had pointed out (17th meeting), the communications revolution had transformed international relations in ways that had never been imagined.

40. Finally, as many members were aware, he had announced early in the year that he would not seek a second term as Secretary-General. He would hand over to Dr. Pekka Tarjanne of Finland on 1 November 1989. He wished to thank many of those present for the support, advice and assistance that they had extended to him over the years.

41. The PRESIDENT, on behalf of the Council, paid tribute to Mr. Butler's dedicated service as Secretary-General of ITU. He wished him every happiness in the future.

42. Dame Ann HERCUS (New Zealand) said that the theme of the current general debate, structural changes and imbalances in the world economy and their impact on international economic co-operation, particularly with the developing countries, had offered delegations ample scope to focus on issues particularly relevant to their national situations, both as they affected the work of the Council and in more general terms. She noted, however, that the Council was under considerable pressure to address adequately the more specific items allocated to the current session. The Council's mandated responsiblities were diverse, substantial and on the increase. Her delegation hoped that for future sessions careful thought would be given to the continuing relevance of a general debate. There were several other opportunities within the calendar of the United Nations system for an exchange of views on the international economic situation. Those should meet the needs for a general discussion and meanwhile the Council should devote its resources to the specific issues on its agenda.

43. The *World Economic Survey 1989* and the report of CDP (E/1989/29) were useful adjuncts to the current debate. The *Survey* stood alongside similar publications by the World Bank, IMF and OECD as an important resource for understanding the health of the world economy. Its counterpart within the United Nations system, UNCTAD's *Trade and Development Report*, also had a well deserved reputation, but her delegation believed that the interests of economy and credibility would best be served by the production of a single amalgamated publication.

44. For the vast majority of the world's inhabitants, the 1980s had been years of increased poverty despite the recent upturn in global economic performance. The difficult realities confronting many countries in sub-Saharan Africa were well understood, as were the very different but equally complex problems facing many Latin American nations. On the other hand, the recent achievements of countries in South-East and East Asia had drawn positive comment from many delegations. Within that relatively small group of countries, the rapid growth and increasingly external orientation of the economy of China had been one of the most positive and significant developments. China's impressive economic achievements had been due in large part to its successful pursuit of policies of domestic economic reform and the promotion of trade, technology and investment co-operation with other countries, including New Zealand. An indispensable ingredient had been the development of an appropriate legal framework to define and protect the rights of all participants in China's emerging economic order. Without such a framework, the confidence that must underpin all successful change could not exist. New Zealand had therefore observed the events of the previous month in China with grave concern and called on the Chinese Government to comply with its international human rights obligations. Implementation of those obligations would be a helpful indicator of its willingness to observe other international commitments, compliance with which was essential to the confidence of investors and entrepreneurs, whose involvement was so important to China's economic reform.

45. The imbalances on which the debate had been asked to concentrate existed within countries, between countries and throughout the international economic system. Many of those imbalances were interrelated and their alleviation interlinked. It was difficult to envisage the successful removal of a country's external imbalances without a comprehensive programme of domestic structural adjustment. Equally, the removal of external imbalances must be part and parcel of any attempt to tackle imbalances with the international economic system. In economic terms, interdependence was inescapable. No country could isolate itself from the world economy and none could afford to attempt to do so.

46. Trade was the interface between national economies. She noted that 1990, when a new approach to the problems of development and interdependence was due to take shape in the form of a new international development strategy, would also see the end of the Uruguay Round of multilateral trade negotiations. The next development decade would thus begin with perhaps the most important determinant of its success. The single most positive step the developed countries could take would be to open their markets to imports from developing countries and let the principle of comparative advantage work. Studies had shown that developing countries would benefit enormously from such a move, as would developed countries. Trade liberalization must work both

ways, however, and developing countries must also open their markets, not least to their fellow developing countries. While allowances could be made for delays caused by the development process, there must be no permanent derogation from the rules for all. Such derogations undermined the multilateral process and in the end caused most damage to the country seeking to benefit from them.

47. New Zealand believed in practising what it preached. In the past five years, its Government had carried out the most rapid and fundamental restructuring programme ever undertaken in New Zealand. Central to that programme had been the need to reintegrate the country's economy into the world economy and to face its realities. For decades, New Zealand had benefited from high prices and guaranteed markets for its agricultural production. At the same time, it had fostered an inefficient manufacturing sector, sheltered behind qualitative import restrictions, in order to provide employment. As recently as the 1950s, it had enjoyed one of the highest standards of living in the world. Subsequently, its guaranteed markets had contracted and its terms of trade declined catastrophically. Instead of adjusting to those changes, it had attempted to ride them out in the hope that they were temporary. By 1984, New Zealand had perhaps the most overregulated and inefficient economy of all the developed countries.

48. Since 1984, the New Zealand economy had been irreversibly reintroduced to the world of reality. Its currency had been allowed to float freely with no exchange or interest rate controls and all direct assistance to agriculture had ceased. Taxes had been slashed and the Government deficit sharply reduced. Quantitative controls on imports had been virtually eliminated, overall border protection significantly reduced, and inflation had been brought under control. The costs, however, had been high, especially in terms of unemployment. While it was important to acknowledge the social aspects of structural adjustment and to try to alleviate them, it was impossible to avoid completely the economic and social costs of structural adjustment and irresponsible to pretend otherwise. In the end, a Government could secure the best interests of its citizens only by facing economic realities and that New Zealand had done, thus putting its economy in a better position to achieve sustainable, non-inflationary growth than at any time for decades.

49. In conclusion, she said that it was encouraging to see the growing acceptance world-wide of the interrelationship between economic development and the environment. The Council had been given a major responsibility, both in connection with the preparations for the United Nations conference on the environment and development proposed for 1992, and the broader aspects of environment within the work of the United Nations system. Her delegation was confident that it would address those issues seriously and constructively.

50. Mr. PESHKOV (Observer for the Byelorussian Soviet Socialist Republic) said that in recent years the increase in economic interdependence had been accompanied by instability in world markets and uneven economic growth. The volume of international trade was increasing, but its stability could not be relied upon because of low rates of economic growth, increased trade and balance-of-payments deficits in many countries, high levels of external indebtedness, falling commodity prices, unstable exchange rates and the application of old and new forms of protectionism.

51. World economic indicators, although better than expected, reflected a series of acute problems. The imbalances in world economic development continued. In many developing countries economic growth lagged behind population growth. In approximately one fourth of the countries of the world real per capita income had not increased or had even fallen. The economic growth of the developing countries was clearly insufficient and the income gap between them and the industrially developed countries was continuing to increase. Economists were probably right in considering that as long as significant imbalances in trade between the major industrially developed countries persisted, there would be a danger that the stability of the world economy might be disrupted and that economic growth rates might fall.

52. The crisis in the international monetary and financial systems had become chronic and external indebtedness had become a global political problem for which the international community had not yet found a long-term solution. The net outflow of financial resources from the most highly indebted developing countries had increased, with serious consequences for investment in them. The economic growth of all States in an interdependent world would be promoted by a just solution of the debt problem through the long-term financing of the development of the debtor countries on the basis of mutual advantage and joint responsibility.

53. In view of the growing impact of external factors on national economies, it was becoming increasingly important to co-ordinate the economic policies of States with a view to securing a stable development of the world economy, taking into account national and regional peculiarities, on the basis of mutual interests and common approaches. The special session of the General Assembly in 1990 should play an important role in working out and adopting consensus approaches, for which it would be necessary to reach international agreement on the principles conducive to reliability and predictability in international economic relations. The draft resolution before the Council on confidence-building in international economic relations was important in that respect.

54. Work on that important subject inside and outside the United Nations must be continued, including a study of the possibilities of enhancing the co-ordinating potential of the United Nations and the elaboration of the principles of economic security.

55. At a time when ideology was becoming less prominent in inter-State relations and the priority of values common to all mankind was being affirmed, the growing economic interdependence of the world was reflected in

recognition of the need for a balance of interests in international economic security, which, by its very nature, was intersectoral. In his report on international economic security (E/1989/56), the Secretary-General had rightly pointed out that the management of the increasingly global and interdependent world economy, characterized by an increasingly high degree of pluralism, opened up new possiblities for mutually advantageous changes and that the goal of international economic security for all could be attained by strengthening stability, predictability and reliability in international economic relations.

56. The research by the United Nations Secretariat on global problems was extremely useful and topical. It showed that the United Nations and its specialized agencies could, without additional resources from their regular budgets or any changes in the structure of their secretariats, perform practical work on the early detection of world economic problems, the proposals for which were of particular importance.

57. The principles of international economic relations had been formulated in the Charter of Economic Rights and Duties of States[2] and had been confirmed in a number of United Nations documents adopted in major international forums. They were still valid. Nevertheless, it should be recognized that, 15 years after the adoption of that Charter, not very much progress had been made in implementing it. Difficulties were increasing. The establishment of non-confrontational and constructive co-operation required a world-wide dialogue on the basis of the generally accepted principles and provisions of the Charter. In that work the United Nations, and the Council in particular, had a special role to play.

58. The promotion of world-wide international co-operation on an equal footing in the economic, monetary, financial, scientific and technological fields for the purpose of resolving global problems and securing stable development for all States was also a basic purpose of the new international development strategy. The strategy should take into account the peculiarities of the contemporary interdependent world and trends in international trade relations. That meant harmonizing economic, social, ecological, energy and technological factors in the policies of every State and in the endeavours of the international community. Priority attention should be given to an all-round development of human resources, to the achievement of practical results in the campaign against economic backwardness, hunger, poverty, illiteracy and disease, to protection against natural disasters, and to ecological dangers.

59. The arms race was a major impediment to social and economic development, and if it were halted radical solutions could be found for many global problems, including the threat to the environment. The proposals put forward by the Soviet Union on emergency environmental assistance (E/1989/73, annex), the initiatives of Czechoslovakia and the Ukrainian SSR, the forthcoming conferences on the environment in Bulgaria and Norway, and the United Nations conference on the environment and development proposed for 1992 were of great importance in that connection.

60. The United Nations and other international organizations should concentrate their attention on identification of areas in which joint action could be taken on the basis of common interests. His country was ready to co-operate with all Governments and international organizations in that endeavour, using the development of its own economic potential as a basis. The Byelorussian economy was diversified and its structure was conducive to stable development, despite shortcomings. For many decades its economy had grown quickly, although agriculture had lagged behind. In the past three years drastic changes had been made in relations among enterprises, which were now allowed to take part in foreign operations. In fact, the restructuring of the system of economic management was also designed to promote the development of external economic links through the creation of external trade organizations, the development of direct links between national and foreign enterprises, the establishment of joint ventures with foreign firms, participation in international programmes for the protection of the environment, the development of tourism, and the holding of international exhibitions and symposia on a commercial basis. As an illustration of the progress made, it should be noted that the products of the Byelorussian SSR were now sold to more than 100 countries in the world.

61. Ms. FAUCHÈRE (World Confederation of Labour) said that, according to the statistics, the economic climate had improved slightly and world economic growth was at its best since 1973. It was universally acknowledged, however, that the international economy favoured the rich industrialized countries and that national economies as a whole favoured those with power and money. The poor, whether States or individuals, always lagged behind. Furthermore, the gap between rich and poor, both within and between countries, was expected to grow.

62. From the point of view of world trade, the developing countries laboured under many disadvantages. The Western countries had created the structures of international trade in their own interest. Many developing countries were still highly dependent on the export of raw materials and, in a free market, raw materials were subject to speculation and prices which fluctuated widely at the producers' expense. Developing-country exports to the industrialized countries were increasingly hampered and the whole notion of a free world market was a fiction.

63. At the national level, the proportion of national budgets set aside for the poor and the social sector was also declining, while spending on arms and the military continued to grow. The developing countries' need for capital was going unanswered, first because Western countries' assistance to the developing countries had declined sharply and investment in those countries had

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[2] Adopted by the General Assembly in its resolution 3281 (XXIX) of 12 December 1974.

fallen off, second because the indebted countries, despite their increasing poverty, were transferring more capital to the rich countries than they were receiving, to an extent where even the World Bank benefited from such "negative transfers", thus contradicting its basic objective, and third, because of people whose inordinate greed led them to invest all their money abroad, which involved an appalling flight of capital.

64. Many might object that the picture was not so dark and that some countries, in Asia particularly, had grown considerably, constituting the world's most dynamic market. Even in those countries, however, social policy was not advancing as fast as the economy. Social protection, fundamental equality, equity and freedom were not always taken seriously. Working conditions were very hard, with women and children suffering particularly.

65. As the Secretary-General had said (17th meeting), the greatest concern was not whether growth would be a percentage point higher or lower but whether it would be possible to create prospects for a better future for humanity in a secure planet. No genuine development, no real independence or autonomy for the developing countries, was possible without a radical transformation of international structures and a basic restructuring of the international economy aimed primarily at ensuring a decent level of living for everyone and not simply at making higher profits and imposing consumer choices unrelated to the real needs of the people. She asked whether Governments and international organizations were sincerely determined to build a world in which justice and equity would reign, where millions of human beings would no longer be the prisoners of misery and want. When would Governments decide to implement the resolutions they had adopted in international bodies and proceed from words to action?

The meeting rose at 12.25 p.m.

27th meeting

Wednesday, 12 July 1989, at 3.25 p.m.

President: Mr. Kjeld Vilhelm MARTENSEN (Denmark)

E/1989/SR.27

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued*)

1. Mr. DOLGU (Observer for Romania) said that as the 1980s drew to a close the crisis continued unabated. Many countries had been reduced to austerity without growth and were suffering from the perverse phenomenon of the reverse transfer of resources. Above all, almost 1 billion people throughout the world were living in absolute poverty. In the developed countries, on the other hand, where wealth continued to increase, per capita income was 50 times higher than in the least developed countries. Many factors underlay that sorry situation, including the external indebtedness of the developing countries.

2. At the beginning of the 1980s, Romania had been caught in a similar trap, which could well have endangered its economic and social achievements and its development. It had therefore taken the political decision to get out of the trap and had won its wager: the 2,000 billion lei (about $200 billion) invested in the economy since 1980 had allowed it to maintain growth, achieve a surplus in its balance-of-payments and at the same time increase wages and pensions by about 20 per cent in real terms. Romania's socialist system (State planning, self-management and self-financing of economic units in particular) had shown itself perfectly adapted to the objectives chosen (optimum use of resources, full employment, participation of all in growth), absorbing without difficulty the shocks resulting from natural disasters or the vagaries of the international economy.

3. The *World Economic Survey 1989* (E/1989/45), which reviewed the failures of the various solutions put forward to deal with the debt problem, virtually ruled out any optimism regarding the future. Instability would continue and it was unlikely that international economic security could be strengthened. The developing countries had made major efforts at adjustments. They had also borne a large part of the cost of adjustment in the developed countries. Romania firmly believed that the crisis would continue as long as it was dealt with merely for the benefit of the rich countries.

4. A start must be made on a real dialogue between the developed and developing countries on the interdependent problems of money, finance, trade, external debt and development itself. The most urgent task was to find a speedy solution for the problem of the developing countries' external debt and to begin to remodel the international financial system, failing which international lending would be unable to function again as a stimulus to

growth in the developing countries. At the same time, the subordination of economic relations to political motivation bearing no relationship to the economy must be renounced once and for all. States, and above all the international economic institutions, must cease to practise discrimination in making loans and must abstain from favouring the private sector and the capitalist system. Credit should be used to promote development based on State ownership and co-operatives, as being most responsive to the needs of the population.

5. The preparations for the international development strategy for the fourth United Nations development decade and the special session of the General Assembly in 1990 devoted to international economic co-operation, in particular to the revitalization of economic growth and development in the developing countries, should enable the international community to create a more stable, democratic and equitable international economic environment, which would allow the developing countries to relaunch growth and combat poverty more effectively. An effort must be made to build an international economic system that would eliminate imbalances. The management of world problems should no longer be entrusted to exclusive "clubs" of decision-makers. All countries should be able to participate in decision-making and the implementation of decisions.

In the absence of the President, Mr. Felipe Héctor Paolillo (Uruguay), Vice-President, took the Chair.

6. Mr. COSTA LOBO (Portugal) said that his delegation wholeheartedly endorsed the comments made by the French delegation on behalf of the EEC and its member States (18th meeting). He would confine himself therefore to explaining his delegation's position on international economic and social policy.

7. The world economic situation had improved considerably in 1988, thanks to a rapid expansion of trade from which several developing countries, particularly exporters of manufactures, had been able to profit. On one hand, although the situation had been generally favourable, per capita income had declined in some African and Latin American countries. On the other hand, in several Asian countries, growth had been stronger than the average in the industrialized countries. The positive result achieved by China had been due to a policy of reform and openness that took into account the hopes for freedom and democracy of the Chinese masses. His delegation hoped that that policy, plus full respect for human rights, would continue, which would presuppose an end to the repression currently being directed against those who wished to exercise their democratic rights.

8. In the least developed as well as the middle-income countries, the debt problem was still extremely serious, but it was encouraging that debt-service ratios had declined in 1988 as they had done in 1987. The adjustment policies being put into effect by several countries were therefore to be welcomed, provided that, as the Twelve meeting at Madrid had recently expressed the hope, the "side effects" of these policies remained bearable for the population concerned.

9. Portugal firmly believed that long-term solutions to the vast problems created by unequal development must be sought within the framework of multilateral co-operation. A country at an intermediate level of development, Portugal was making a considerable effort to assist the developing countries, particularly those whose official language was Portuguese. Its principle was to give priority to infrastructure improvement, agricultural development, vocational training and other fields in which assistance could promote self-reliant development.

10. In Portugal itself, as in the rest of Europe, 1988 had been a good year for the economy, despite a slight slow-down in comparison with 1987, particularly in regard to investment and exports. No change was therefore envisaged in 1989 in the main targets of economic policy, aimed in particular at gradually reducing the rate of inflation to the average for the European Community.

11. In regional co-operation, Portugal was helping to implement a large number of ECE projects and was convinced that many of the results achieved ought to be useful to the developing countries. It gave priority to co-operation in the field of transport, environmental protection and the development of trade, but it was also interested in statistics, human settlements, timber and science and technology. Now that the climate of East-West relations had improved, bilateral, and indeed multilateral, links between States of the European region should be strengthened. ECE should exploit that favourable climate to expand its activities in the fields of environmental protection, international trade and transport. The Council, for its part, could play a larger role in interregional co-operation.

12. Portugal had participated as an observer in the fifteenth session of the Committee of Experts on the Transport of Dangerous Goods and hoped to become a full member of the Committee at an early date. His delegation supported the draft resolution submitted to the Council by the Committee as well as its programme of work (E/1989/63, paras. 1 and 20).

Mr. Mortensen (Denmark) resumed the Chair.

13. Mr. QURESHI (World Bank) said that for many developing countries the 1980s had been a lost decade. Despite the substantial efforts of Governments and international institutions, the number of poor had continued to mount and was currently estimated to be about 950 million people, over half of them in South and East Asia. However, if current trends continued, in a few decades Africa would have even more poor people than Asia. Some of the real achievements of the past 40 years—increased per capita income, reduced infant mortality and enhanced life expectancy, improved education, access by the poor to productive assets—had been lost in the last few years.

14. Recognizing the problem, the World Bank, without departing from its basic mission of accelerating growth and reducing poverty, was turning towards a more clearly people-oriented strategy.

15. The fiscal year ending on 30 June 1989 was therefore in many respects a landmark year for the Bank. Its new loan commitments totalled $16.4 billion, while IDA, its concessional resource window, had committed $4.9 billion to the poorest countries. Even more significant than the volume of new loans and credits was the content of the Bank's aid activities which, through its operational programmes, were currently addressing the issues of poverty and food security more directly. Henceforward, the Bank would invest more in human capital, expanding its programmes in the field of education, public health, nutrition and family planning so that they would have a direct impact on the quality of life, especially for the poorest. He cited several recent examples of programmes and projects of that kind financed by the Bank in Zimbabwe, Benin, Nigeria, Indonesia, Mozambique, Morocco and India. The Bank had also increased its anti-poverty co-operation with non-governmental organizations in Togo, Guinea, India, Mexico and the Philippines.

16. The Bank had recognized in the course of its operational activities that increased poverty and accelerated degradation of the environment were closely related. It intended henceforward to attach much greater priority to environmental concerns, and in the fiscal year just ended it had approved 100 projects—about 30 per cent of total Bank projects—with significant environmental elements. Sixty per cent of all agricultural projects approved contained such a component. In so doing, the Bank's purpose went beyond the immediate protection of the environment. The aim was to promote policy and institutional changes that would enable countries to find the way to sustainable development. The Bank was currently pursuing that integrated approach in preparing an environmental programme for the Mediterranean, building upon the work already carried out by the Mediterranean countries under the auspices of UNEP, and hoped to be able to put into effect a comprehensive set of actions and investments to protect the Mediterranean environment. Environmental degradation was a global problem that required co-ordinated action by all countries. It must be recognized, however, that unless the industrialized countries, which accounted for most of the world's pollution, acted resolutely to address the problems they created, the Bank would find it extremely difficult to pursue its environmental goals effectively with developing countries. The industrialized countries could not stand aloof and ask others to do what they alone could and must do.

17. The Bank was aware that more was needed than investment in the social sectors and the environment. Other sectors also were crucially important, in particular trade. For many developing countries, the most significant source of finance was trade. However, for many years, the international trading system had been particularly unfavourable to them, since the collapse of commodity prices and the resulting deterioration in the terms of trade had reduced their levels of investment to practically zero. Sub-Saharan Africa had fared worst. More generally, growing protectionism in the industrialized countries, which imposed higher tariffs and more non-tariff barriers on the manufactured exports of developing countries than they did on their trade with each other, had severely hurt recovery in many developing countries. Trade restrictions cost those countries as a whole almost twice as much as they received in ODA.

18. Unless the industrialized countries which dominated international trade agreed to reduce some of those barriers, opportunities for developing countries would be severely limited. That was why the Uruguay Round of multilateral trade negotiations, the first to actively engage many developing countries, must be brought to a successful conclusion. The Bank, for its part, would do whatever it could to help to assure a positive outcome, including providing technical assistance to help developing countries to participate in the Round more effectively.

19. Trade had featured as the major element in most of the Bank's structural adjustment lending. Total Bank lending for adjustment currently amounted to almost $27 billion in about 60 countries. About 25 per cent of the Bank's lending was devoted to fast-disbursing structural and sectoral adjustment loans. Those programmes involved courageous and determined policy actions aimed at removing distortions in trade policies and strengthening competitiveness. Governments had recognized that such measures were necessary and that, without adjustment, neither a return to satisfactory and sustainable growth paths nor a successful attack on severe poverty could be achieved. Governments had also understood that there was no single adjustment path and that the process would take longer than originally anticipated. Each nation must follow a programme designed to meet its particular problems and circumstances and the programme must have strong government support. Each Government must "own" its adjustment programme. It was also clear that the programmes must have sufficient funding and that the poor must be adequately protected. The Bank would apply the lessons learnt from its experience to help Governments improve both the design and the implementation of their adjustment programmes.

20. Turning to the debt crisis, he noted that most highly indebted countries were struggling to restore growth and creditworthiness. However, many low-income countries in Africa were still continuing to experience declining levels of income and investment. In Latin America and sub-Saharan Africa, the stock of debt was now substantially higher as a share of GNP than it had been in 1981.

21. In recent months, some important developments had occurred in approaches to the debt crisis and, in each case, Bank and IMF support constituted a critical component of the strategy. For example, the Bank's Special Programme for Africa had mobilized well over $6 billion in resources from many donors to assist the growing number of nations undertaking adjustment programmes, in which a critical component must be the reduction of heavy debt-service burdens. In that connection, the World Bank had been particularly gratified by the measures agreed upon at the Economic Summit Meeting held

by the Group of Seven at Toronto in June 1988, and the greater flexibility shown subsequently in Paris Club arrangements for low-income countries.

22. Although some generous bilateral donors had forgiven some of the official debts of the low-income countries, further steps were necessary and the Bank was sparing no effort to find additional solutions. It had made available about $100 million from IDA reflows to support IDA-eligible countries in debt to the Bank. In addition, the Board of Governors had just allocated a $100 million grant from Bank profits to support commercial bank debt reduction in IDA-eligible countries. In the fiscal year just ended, the Bank had lent $7.8 billion, or 48 per cent of its total lending, to highly indebted middle-income countries. With the encouragement of its shareholders and in close collaboration with IMF, it had taken new initiatives aimed at breaking the debt stalemate. It was now in a position to provide indebted countries committed to putting their economies on a sound footing with direct loans and credit enhancement designed to help them negotiate debt reduction programmes with the commercial banks.

23. However, the multilateral institutions could not carry the full burden of debt reduction. Governments, and above all commercial banks, must play their part to ensure that the indebted countries undertaking reforms could achieve sustained growth. For that purpose, the concessional terms agreed upon at Toronto should be extended to all highly indebted low-income countries, not only the African countries. Good performance and the ability to service debt were the essential criteria for debt relief, not geography. Similarly, the international community should give urgent attention to countries such as Côte d'Ivoire, Cameroon and Congo, which were eligible neither for concessional debt relief under the Toronto terms nor for the voluntary debt restructuring measures suggested in the Brady Plan, but which were entitled to equitable treatment. The Bank, together with IMF, stood ready to support the process of voluntary negotiation that had begun to reduce the debt of the heavily indebted middle-income countries to the commercial banks, and to support the efforts of countries, such as Mexico, Morocco, Costa Rica, the Philippines and Venezuela, which were demonstrably addressing their own domestic adjustment problems with determination.

24. Restoring growth, reducing poverty and protecting the environment were the central challenges of the 1990s. To take up those challenges, both developed and developing countries must further strengthen their co-operation. The ongoing international negotiations on trade, debt and the environment, and the favourable change in the world political climate, gave grounds for hoping that the 1990s would see new impetus given to development co-operation. Action by the international community for development must be bolstered by a more effective multilateral system and provided with substantial resources. In the case of the Bank, the ninth IDA replenishment was the tool that would enable it to increase its assistance to the poorest countries.

25. The next decade would be a testing period for the long-term viability and sustained growth of many developing countries. The 1990s could, however, be made a decade of progress if the opportunities it presented were seized and heed given to the lesson of the 1980s, namely, that people must come first in the agenda for development. The World Bank was fully committed to working towards the priority goals of human resource development and the building of an environment that enhanced human potential.

26. Mrs. ESCALER (Observer for the Philippines) said that her delegation endorsed the views and recommendations contained in the statement by the Observer for Malaysia on behalf of the Group of 77 (18th meeting). She wished, however, to emphasize two points: the magnitude and critical nature of the problem of structural imbalances in the world economy which the Council was currently discussing, and the fact that, in her view, the United Nations was the only viable forum in which to launch a multilateral attack on that grave problem. Her delegation was therefore determined to do all that it could to support the Council's work on structural imbalances, which concerned it very directly.

27. The persisting structural imbalances demanded the sustained development of an equitable world economy truly beneficial to all countries and peoples. That ideal was far from having been attained, for the gap between rich and poor countries continued to widen. The Secretary-General had summed up the balance sheet (17th meeting) when he stressed that the structural changes in the world economy were most apparent in the uncertainty and unpredictability of the 1980s, the widening gap between North and South, the growing technological divide and the marginalization of the least developed countries.

28. In terms of economic costs, the balance sheet was easily illustrated by a multitude of statistics. In terms of social costs, it was even more disturbing, as had been documented by ILO, WHO, WFC and UNICEF. Their findings brought into sharp focus three paradoxes: the paradox of growing hunger amidst food surpluses, the paradox of the net transfer of resources from developing to developed countries and international financial institutions, and the paradox of a decade of growth for a few privileged countries and a lost decade of development for a third of mankind. The most eloquent and disturbing description of the world economy could be found in the 1989 UNICEF report entitled *State of the World's Children*. That report said, in effect, that it was children who paid the highest price for international economic problems, children whose development today and social contribution tomorrow were being shaped by the current economic situation. Although those problems had been raised in the Council and in other forums many times before, her delegation hoped that they would not be shrugged off and that calls for solidarity by the members of the international community would not be made in vain. She hoped that a frontal assault would be made on the problems and would be honoured to have a part in such an attack.

29. In the Philippines, where democracy had been newly restored, the Government was also struggling to restore economic democracy. Philippine officials had just finished a meeting in Tokyo with leaders of developed countries where they had sought assistance in rebuilding the Philippine economy. In that connection, she wished to thank the members of the Consultative Group on the Philippine Aid Plan for the generous pledges of support made at Tokyo.

30. The President of the Philippines herself had come to Europe to seek the assistance of the great Powers in the Philippine Government's efforts to rehabilitate the faltering economy left behind by the former régime. The description of the Philippine case in the *World Economic Survey 1989* gave a clear picture of the policy of the Government, which attached priority to ridding itself of the crushing debt burden while at the same time wrestling with massive poverty and against insurgency.

31. Her delegation appealed to the members of the Council, in particular the creditor countries, to exert every effort to find a solution to the debt crisis. In that connection, she recalled and commended the proposal of the Group of 77 to the forty-third session of the General Assembly to set up an international advisory commission on debt and development. She believed that the proposal was consistent with the need for democratic dialogue to find a lasting and global solution to the debt problem. To assure a better future for the beneficiaries of a global debt strategy, the next goal would be to establish an equitable economic system, a measure which should, in her delegation's view, dominate any other structural reform of the economy.

32. Her delegation believed that, to enable the developing countries to shoulder their own responsibilities and find a way for themselves out of their critical situation, they must be left to control their own destiny freely, which was not always the case in the present-day world. She sincerely hoped, therefore, that the Council would take steps to help them to recover their freedom of action.

33. Mr. ASADI (Islamic Republic of Iran) said that the events of the past year confirmed his opinion that the unjustified suffering of more than half of mankind could not but disturb the human conscience. The figures quoted in the reports and documents before the Council gave a positive picture of the world economy in 1988. They were little comfort, however, to most of the developing countries whose terms of trade continued to deteriorate and which were confronted with a multitude of economic problems, including high interest rates, fluctuating exchange rates, low commodity prices and protectionism. Those difficulties, which must be seen in the context of a long tradition of domination and exploitation, had resulted in two simultaneous crises, the crisis of growth and the crisis of debt, which fed upon each other.

34. The real gravity of those difficulties emerged not from the theoretical analyses of economists or diplomats but from awareness of the immense human suffering which they brought in their train. There was no need to labour the point, moreover, that the fundamental causes of many external and internal conflicts lay also in the economic crisis and the absence of economic justice. The situation was the more alarming in that the prospects for growth and sustainable development of the world economy, particularly in the developing countries, were gloomy and uncertain. However unenviable their past might have been, the developing countries were beginning to look back on it with nostalgia.

35. The preparation of the international development strategy for the fourth United Nations development decade would give both developed and developing countries an opportunity for an honest evaluation of the strengths and weaknesses of previous strategies. It was vital that the formulation of the new strategy should be more than a stylistic exercise limited to the enunciation of ambitious aspirations and objectives. In previous strategies, pride of place had been given to the quantitative approach to development, stressing increases in certain economic indicators. Experience, however, had shown that that approach was unrealistic. The new strategy should be distinguished from the others by the importance attributed to the qualitative aspects, and in particular to the human factor, for in the last analysis it was human beings who were the engine of development and at the same time the beneficiaries of the process.

36. Another feature that should find a place in the strategy was the need to take account of the cultural differences between countries when constructing growth models. The point was particularly true of the Islamic societies, whose cultural heritage was so rich that they could not be expected to bow to patterns imposed from outside. In that connection, it was noteworthy that the Islamic Republic of Iran, more even than other Islamic States, was currently seeking to formulate its own development strategy in accordance with Islamic principles.

37. A secure international environment was an essential condition for the success of the development strategy. Stress should be placed, therefore, on the importance of the *rapprochement* between the two super-Powers and the progress that had been made towards the settlement of regional conflicts, which could help to create such an environment. *Perestroika* in the Soviet Union and the economic restructuring on which other socialist countries had embarked were also significant factors, showing that hard and fast opinions on economic and social matters could gradually give way to a more flexible and realistic approach. It was still too soon to evaluate the results of the *rapprochement* between the two super-Powers and the two blocs of which they were members. The results would in fact depend on the intentions and the motives of the two principal protagonists. At all events, there were grounds for hoping that the *rapprochement* was not aimed at forming a united front against the countries of the South.

38. To be able to create a secure international environment, it was also necessary to guarantee the economic sovereignty of the developing countries. Independence

and political sovereignty were empty words unless they were accompanied by economic independence. Accordingly, the developing countries must have an opportunity to participate in the world economic system without being subjected to pressures and demands. Another vital element in the establishment of a secure international environment was the development of international economic co-operation. He agreed with the Secretary-General that all countries must share responsibility for economic problems in order to offer mankind the prospect of a better future in a safe world. The question was what kind of international co-operation should be encouraged. The principle of international co-operation lost all meaning if it meant that the developing countries must manage their economies on instructions from outside. The disastrous results of adjustment policies imposed by remote control from abroad were known to all.

39. There was no doubt that economic reforms were necessary, particularly in the developing countries. However, those countries could not undertake the necessary reforms without favourable external conditions, meaning a secure international environment. In that connection, he reminded the developed countries that charity began at home and that they should also put their own economies in order.

40. He reiterated the hope that the current session of the Council would end with tangible results, although the lack of progress since the second session of 1988 hardly gave grounds for optimism. He also hoped that the special session of the General Assembly in 1990 would be crowned with success.

41. Miss ZONICLE (Bahamas) said that the international economic system presented major imbalances. In the case of money, inflation. In the case of trade, for the developing countries, low productivity and investment, especially in Africa and Latin America where most countries had registered a decline in per capita GDP in 1988. The industrialized countries had developed what had been termed a contrived comparative advantage, especially in the context of transnational corporations. Their trade had also benefited from the practice by transnational corporations of protecting and maximizing their monopolies by investing in developed countries with technologically advanced industries. In the case of finance, the developing countries had shown poor trade performance, while becoming more and more indebted, and their domestic savings had declined, with the well known social consequences including widespread unemployment. That state of affairs was a testimony to the weakness of the international financial system. In the case of the industrialized countries, imbalances had resulted from structural budgetary rigidity, due in part to expenditure on arms.

42. Of even greater significance, however, were the historical, political and sociological trends underlying those imbalances, which were: the integration of the EEC by 1992; the decentralized economic decision-making towards which the Soviet Union and other east European countries seemed to be moving, as well as their quest for deepened commercial, financial and technological interchange with other industrialized countries; the improved political understanding between the super-Powers; and sociologically, those negative dimensions of culture which were the root cause of the continuing discrimination against and exploitation of women, both at home and at all levels of professional life. All those trends had profound effects on the international economic system and demonstrated the limits and inadequacies of former political stances. They also acknowledged that, in an interdependent world, international economic co-operation could no longer be disregarded with impunity. Multilateralism, the philosophical foundation of the United Nations system, had become an imperative.

43. The economic policy of the Bahamas was a delicate balancing act grounded in pragmatism. The country had developed a multi-faceted services industry, taking advantage of its natural assets and the proximity of one of the world's largest markets. The policy emphasized end-results, which were continuously monitored. Having been a full member of the international community for 16 years, the Bahamas was particularly sensitive to the pitfalls, as well as the opportunities, presented by the international economic system and the need to adapt policies to the desired results. In that connection, she wished to make a number of comments and specific recommendations.

44. First, the Bahamas' experience, as an open and economically dependent developing country, led her to believe that self-reliant growth and development resulted from the interrelated functioning of the following factors: first, guaranteed and continuing gains from the "motor" sectors of the economy, ensuring economic survival, liquidity and the generation of domestic savings; second, public sector involvement and leadership to promote domestic savings and attract external inflows; third, careful monitoring of external capital inflows to foster national interests.

45. Interdependence, which, even for developed countries, was characterized by mutual market dependence and reduced effectiveness of unilateral policy actions, meant that it would henceforward be necessary to replace *ad hoc* measures, no matter how beneficial, by a specific overall development policy. In doing so, special attention should be given to what might be termed development enhancers: the transfer of technology, inseparable from the training of skilled workers; the common goods (environment, the ocean, space, food and energy); culture, regarded in its positive aspects, understanding and tolerance, but also from the point of view of its negative effects on a major component of the human resource base, namely women.

46. International economic co-operation and integrated development necessarily implied co-ordination, and the United Nations system was best placed to carry out that essential function as well as review and evaluation. An important aspect of effective implementation was timing. It would appear that there was currently a propitious climate for change. On the one hand, rigidity in military

budgets appeared to be lessening while the Soviet Union particularly appeared determined gradually to reduce its military expenditure to redirect resources to programmes benefiting the population. On the other, the international economic system was moving towards universality, with the socialist countries seeking to be admitted to GATT and IMF.

47. In connection with the plans for the new international development strategy and the special session of the General Assembly for 1990, she suggested a number of action-oriented measures. First, the medium-term plans of all United Nations bodies should include a subprogramme providing for joint planning, financing and implementation. The revitalization of multilateralism was already a reality in the case of the technical co-operation work of UNCTAD and the monitoring of drug movements, carried out jointly by the United Nations Fund for Drug Abuse Control and WHO.

48. A lead agency should also be identified in respect of the implementation of each major programme, particularly priority programmes, and a co-ordinator should be appointed to preside over an inter-agency steering committee set up to monitor the implementation of the major programme or, less formally, to follow up the programme with the agencies involved and report on it to ACC and through it to the General Assembly. The co-ordinators would supplement the work of UNDP. Such a process would also facilitate a more coherent, informed and objective evaluation of international problems and facilitate the search for innovative solutions.

49. She stressed that her comments and recommendations were intended to strengthen rather than weaken the role of existing United Nations bodies. The common goods concept was itself a recognition of the continuing need for independent and competent specialized agencies.

50. Mr. SENE (Observer for Senegal) said that a number of speakers had analysed the major changes and structural imbalances in the world economy in detail, contrasting available resources with the tremendous need for growth, the rise in import prices as compared with declining export revenue in the least developed countries, population growth, current account imbalances among the major trading Powers, the budget deficits of the rich countries and the degradation of the environment. Meeting those challenges in a lasting way demanded political will on the part of wealthy and powerful States and joint international action. Consequently, there was a need for structural adjustment in all countries, through internal measures and macro-economic policies capable of promoting stable, sustained and non-inflationary growth.

51. Although there had been considerable growth in some regions, the debts of the Third World continued to weigh heavily on the prospects of the world economy and seriously hampered the development efforts of the poorest countries, where low growth, declining standards of living, increasing employment and underemployment, together with a decline in real income, had increased poverty, malnutrition and despair among the young. Despite the praiseworthy efforts of the developing countries to restore their economies, the human and political cost of long periods of austerity without growth often led to social disturbances, explosions of violence and disorder harmful to democracy and human rights. In that connection, the *World Economic Survey 1989* noted that hardly any of the countries heavily indebted since 1982-1983 had succeeded in restoring their balance-of-payments position or increasing their investments on the basis of their own resources. The net transfer of resources from South to North had increased in 1988. After years of effort at structural adjustment, those countries were losing heart.

52. It emerged from the *Survey* that there was a risk that the world economy would slow down and that a possible sudden change in the behaviour of the international financial markets and a tightening of monetary policy could involve a new decline in interest rates, with negative consequences for trade and structural adjustment. To overcome the debt crisis, therefore, current trends must be reversed, in order to revitalize development and international trade with a view to establishing a more stable and predictable environment conducive to international co-operation. In other words, an integrated, concerted and growth-oriented strategy must be adopted in order to ensure better long-term structural balance.

53. In respect of the developing countries' external debt, steps were currently being taken on behalf of the least developed countries, most of which were in Africa. The negotiations on debt and debt-servicing reduction for commercial bank loans, multi-year rescheduling, payment in local currency and debt cancellation pure and simple all offered remedies but none was a panacea. It was time to decide on a platform for specific action by all the parties involved, both in the United Nations and in the financial institutions, as well as at the bilateral level, to combine efforts with a view to dealing with the debt crisis. In that connection, the African countries, which had limited access to capital markets and were experiencing declining ODA as well as a sharp fall in export earnings, had already decided on a joint position on debt settlement which should be considered by an appropriate international body. In the meantime, bilateral and multilateral flows of external resources, including ODA, should be speedily and substantially increased in order to halt the net transfer of resources from the developing to the industrialized countries.

54. As a result of the guidelines set out in UNPAAERD,[1] agricultural production in Africa had grown fairly well, but many areas were still gravely affected by drought while the area bordering the Indian Ocean was frequently devastated by cyclones. In any event, only global action could solve the urgent problems that existed in the interdependent fields of trade, commodities, external debt, currency, finance and resource flows, transfer of technology and development.

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[1] General Assembly resolution S-13/2 of 1 June 1986.

55. The natural environment was undergoing serious deterioration. The "greenhouse effect", climatic change, the depletion of the ozone layer, deforestation, soil erosion, desertification, acid rain and toxic waste were only some of the phenomena dangerously threatening the equilibrium of the ecosystem. To preserve the planet and the future of all mankind, environmentally harmful patterns of production and consumption must be changed. Preservation of the environment was in the interest of all humanity. The industrialized countries, which possessed the necessary resources and technological potential, must demonstrate solidarity and help the developing countries to attain lasting and ecologically sustainable development.

56. The integration of the socialist countries into the world economy, the easing of East-West confrontation and the peaceful settlement of regional conflicts, as well as the establishment of regional economic groupings, were events that demanded joint attention. In that respect, concerted action by all States was only possible within the framework of the United Nations, which offered several means of dialogue and reflection on world problems that should make it possible to find solutions in the interest of all. The Organization could help to identify such problems as South-South co-operation or regional integration, or such socio-economic questions as the role of women in development or population growth.

57. The relaunching of a genuine dialogue was vital for coping with the many multilateral events that would precede the launching of the fourth United Nations development decade. The integration of the developing countries into the world economy had become increasingly a priority concern as the marginalization of their economies increased. Several of those countries had established structural adjustment and economic recovery programmes the social costs of which were high and bore heavily on the vulnerable groups of the population. Senegal was no exception. While its recovery programme had produced positive results, problems remained. With the assistance of its bilateral and multilateral partners, the Government was putting into effect a programme for reducing the social cost of adjustment and promoting employment. The programme should also help to stimulate overall economic growth.

58. At a time when for most developing countries' prospects of growth were dwindling despite internal adjustment efforts, an improvement in the international economic environment was essential, as well as a more democratic atmosphere in international relations and a recognition of development needs.

59. As the world celebrated the bicentenary of the French Revolution, the hope must be that new impetus would be given to the ideals of freedom, equality and fraternity, and to the fundamental aspirations of men and nations for economic security, development and peace.

60. Mr. GATHUNGU (Kenya) said that the analyses and conclusions of the *World Economic Survey 1989* and other studies, such as those of GATT and UNCTAD, clearly showed that global economic output and volume of trade had increased significantly as compared with the previous decade. However, it was the industrialized, developed, market-economy countries which had profited and were continuing to profit from the benefits of that growth.

61. The economies of the industrialized countries had grown by more than 4 per cent in 1988 and their share of international trade had also increased. At the same time, as a result of their domestic policies, serious economic imbalances between themselves and between them and the developing countries had continued to prevent the world economy from adjusting and releasing its huge potential for the benefit of the developing countries. The monetary policies of the industrialized countries had helped to divert the flow of capital away from investment in the developing countries. It was an anomaly that the richest countries should be absorbing a large part of the savings of other countries and not contributing to the flow of capital to the rest of the world.

62. He welcomed the important reform process in the centrally planned economies of Eastern Europe, which should make those economies more open and lead eventually to their integration into the wider international financial and trading system.

63. Economic growth and development in the developing countries continued to be hampered by the debt problem, negative financial flows and low commodity prices. The result in all those countries, except for a few in South-East Asia, was low, stagnant, or in some cases in Africa, negative real growth rates. Most of the developing countries also needed to build the basic infrastructure required to increase their productivity and make them capable of dealing with external shocks. The *Survey* showed that the shocks undergone by most of the developing countries, particularly those in sub-Saharan Africa, made it impossible to carry out forward-looking policies. The external constraints on Africa's recovery were increasingly binding. The continent's external debt had risen from $220.3 billion in 1987 to $230 billion in 1988. Debt-service obligations and stagnant export earnings restricted the imports needed for the revival of investment and the utilization of agricultural and manufacturing capacity.

64. Governments had a responsibility to take urgent action to halt the deterioration of the environment before it was too late. The convening of a United Nations conference on environment and development would be a first step in that direction. The decisions adopted by the Governing Council of UNEP at its fifteenth session[2] would be an important contribution to deliberations on the complex and delicate issue before the General Assembly took a decision. The international community must take up the challenge of the search for an acceptable balance between the pursuit of economic growth and the protection and improvement of the environment.

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[2] *Official Records of the General Assembly, Forty-fourth Session, Supplement No. 25* (A/44/25), annex I.

CDP had noted that environmental damage in affluent societies was the consequence of unrestrained demand for goods and services, resulting in huge quantities of waste. In the developing countries, however, environmental problems were often a direct consequence of poverty. The ever-increasing struggle for food and energy resulted in deforestation, soil degradation and depletion of water resources. Issues of economic development could not be separated from environmental issues.

65. The developing countries must also make a contribution to the protection of the environment. Kenya had taken significant steps to protect its arable land from soil erosion, halt deforestation and reclaim marginal land, through the use of severely constrained financial resources and the self-help efforts of the people. Kenya had also done its best to protect the regional marine environment and to participate at the international level in consultations on climatic change, the depletion of the ozone layer and the control of transboundary movements of hazardous wastes. The industrialized countries, for their part, must help to mitigate the damage they had caused to the environment and also assist the developing countries. The deliberations on the convening of a conference on environment and development would give those countries an opportunity to demonstrate their political will to co-operate genuinely in seeking a solution to the environmental crisis.

66. As the Secretary-General had stressed (17th meeting), it was essential to address and address quickly the problems that faced the global economy. That task required above all the strengthening of international economic co-operation so as to revitalize growth and development in the developing countries and to consolidate the progress that had been achieved towards a lasting world peace.

67. Mr. WANG Baoliu (China), speaking in exercise of the right of reply, said two delegations had made erroneous statements on the situation in China and had even attacked the Chinese Government. He stressed that China, as a sovereign State, was entitled to manage its domestic affairs as it saw fit. He stated once again that the Chinese Government had no intention of modifying its policy of reform and opening to the outside world.

AGENDA ITEM 13

Special economic and humanitarian assistance:
(*a*) Special programmes of economic assistance

68. Mr. BAKER (Office of the Director-General for Development and International Co-operation) reported on behalf of the Under-Secretary-General for Special Political Questions, Regional Co-operation, Decolonization and Trusteeship on the programme of assistance to Mozambique in accordance with General Assembly resolution 43/208 of 20 December 1988. A year earlier, the Government of Mozambique and the United Nations had jointly prepared an appeal for international support, covering the period 1988-1989, that took into account the difficulties met with during the previous period, in regard particularly to: logistical bottle-necks, which had hampered the distribution of emergency aid and the execution of rehabilitation activities in many parts of the country; insecurity, particularly in rural areas; the need to strengthen the Government's capacity to deal with emergency activities, especially at the provincial level; the unavailability of local currency, especially at the provincial and district levels, which had often hampered the services concerned in the execution of their tasks; the fact that donor support had not always coincided with the Government's priorities; and lengthy delays in the translation of financial pledges into concrete delivery of aid.

69. It should be noted that military operations by government forces had liberated many population centres. Virtually all district capitals had been restored to government control as a consequence of the successful offensives and it would be possible to reach a large number of affected and displaced persons, many of whom had been under insurgent domination for as long as two years.

70. In April 1989, on the basis of the report of an inter-agency mission, the Secretary-General had launched an international appeal for emergency aid for 4.5 million affected and displaced persons at a cost of approximately $380 million for the period 1989-1990. The appeal had focused principally on food needs but had also called for assistance in logistics, road maintenance, agriculture, health, drinking water, primary education and shelter.

71. Shortly afterwards, at the invitation of the Secretary-General, a meeting of donor Governments and intergovernmental and non-governmental organizations had been held at United Nations headquarters. In the course of the meeting, pledges amounting to approximately $350 million for the period 1989-1990 had been announced. However, since that meeting, analysis had shown that the actual sums pledged by 17 countries, 3 United Nations agencies and 6 non-governmental organizations amounted to only $252 million. To date, only $119 million had been allocated by the donors to specific activities. They had been much slower than the year before in defining the nature of their support, which could have a grave impact on the implementation of the emergency programme and on the welfare of the most vulnerable groups of the population. As far as food aid was concerned, of the 916,000 metric tons of food commodities required for the period 1989-1990 only 295,000 metric tons had been pledged. In view of the time necessary to ensure arrivals, unless the necessary arrangements were made for shipping at least 50,000 metric tons of maize for distribution and 100,000 metric tons of cereals for sale, severe shortages could be expected in the coming months. Increased pledges to cover transport costs were also necessary.

72. While every effort was being made to increase the number of road convoys, to meet the actual need at least 2,100 metric tons should be transported per month, at an average total monthly cost of $1.5 million. The United Nations Special Co-ordinator had suggested that an air-

lift fund should be set up with contributions from various donors. However, continued emphasis must be given at the same time to increasing access by road or sea for the delivery of relief supplies.

73. In addition, tools and seeds were needed immediately, since the planting season started in October and November and the seeds and tools must reach the designated areas to be distributed in time. Of the $5 million needed for that purpose only $3 million had so far been confirmed. All other sectors were falling behind their priority needs. Health, water, education and agricultural programmes had received virtually no support, making the implementation of rehabilitation and social and economic infrastructure projects in the appeal impossible for the time being.

74. Mr. MURARGY (Observer for Mozambique) said that, despite some encouraging signs of economic recovery, his country continued to face a difficult situation and was far from experiencing positive growth. The country had been devastated and had suffered heavy losses in human life as well as economically. The war of aggression waged by foreign agents, together with natural disasters, had caused vast migrations of population and a general shortage of vital food products. A large number of displaced persons, including thousands of children, needed protection, food, shelter and clothing. The shortage of transport caused insoluble problems in sending emergency relief to certain areas.

75. Meanwhile the war of aggression waged by foreign forces continued, and he appealed to the United Nations to continue to assist his country in seeking a lasting solution and putting into effect its reconstruction programme. The Government of Mozambique was seeking peace and stability, which were the essential conditions for implementing that programme and relaunching the economy.

The meeting rose at 6 p.m.

28th meeting

Thursday, 13 July 1989, at 9.40 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.28

AGENDA ITEM 7

Development and international economic co-operation:

(*f*) Environment: convening of a United Nations conference on environment and development

1. Mr. TOLBA (Executive Director, United Nations Environment Programme) said that the 1990s must be the decade of decision for the environment. If the difficult choices were put off, the consequences would be devastating: a world stripped of tropical forests, climatic disruption, conflict over depleted resources and displacement of ecological refugees in tens of millions.

2. The Governments and United Nations organizations whose views had been sought in response to General Assembly resolution 43/196 of 20 December 1988 unanimously favoured convening a United Nations conference on environment and development in 1992, the twentieth anniversary of the Stockholm Conference. A wide range of issues had been suggested and the UNEP Governing Council at its fifteenth session had recommended specific elements for the consideration of the Assembly.

3. Since the Stockholm Conference, many environmental problems had become immeasurably more serious. Others, barely considered at the time, such as desertification and climatic change, had become of major international concern. But the situation would have been much graver had the previous Conference never taken place. The development of international legal instruments and a growing public awareness testified to that. The progress made showed how much more might have been achieved if environmental issues had not so low a priority.

4. In its decision 15/3 of 25 May 1989, the UNEP Governing Council, besides putting forward a number of elements for the consideration of the General Assembly, had recommended that the conference's title should be "the United Nations conference on environment and development". The Governing Council felt the emphasis should be on environmental considerations in the wider context he had mentioned and considered that the preamble to General Assembly resolution 43/196 adequately set forth the scope and objectives. It had decided that UNEP's own work should focus on a limited number of priority areas, most of those recommended for the conference's consideration. Further elements suggested

for consideration were set forth in the annex to decision 15/3. The Governing Council recommended that it be asked to be the intergovernmental preparatory committee, open to all States and with its own rules of procedure, and proposed that the Committee should hold a first session in June 1990, with at least three further sessions. It also recommended that the General Assembly should decide to set up immediately a separate, independent and adequate conference secretariat, headed by a secretary-general and based in Geneva. The Governing Council considered that the secretariat suggested in the Secretary-General's report was too small in view of the amount of preparatory work needed.

5. There was a rising public demand for action to overcome the serious problems facing mankind. Although no easy overnight solutions existed, the conference could show that, under the aegis of the United Nations, Governments were prepared to make the 1990s the decade of decision.

6. Mr. ANDRES (Observer for Switzerland) said that the past two years had seen a rapidly growing awareness of ecological issues and the environment had become a priority political issue throughout the world. A United Nations conference on environment and development would have a considerable impact and provide an opportunity to lay the foundations of international environment policy. Switzerland firmly supported the UNEP Governing Council's decision and welcomed its emphasis on sustainable and ecologically rational development.

7. His delegation also endorsed the Governing Council's recommendation regarding the intergovernmental preparatory committee and welcomed the proposal to establish a separate secretariat in Geneva. Switzerland was ready to act as host country for the secretariat and to facilitate its installation. It would also take an active part at the national level in preparing for the conference.

8. Mr. VRAALSEN (Norway), speaking on behalf of the Nordic countries, said that the many initiatives in international co-operation on environmental issues pointed towards a United Nations conference on environment and development. In decision 15/3 the UNEP Governing Council had made a welcome contribution to preparations for the conference and the Nordic countries recommended it to the General Assembly for confirmation. The conference must place environmental problems in a broad economic and social development context and should decide on action to halt degradation of the environment. Comprehensive strategies for action towards sustainable and environmentally sound development should be adopted.

9. The Nordic countries agreed that the issues listed by the Governing Council covered the major problems the conference should address. The conference should define the sources of environmental degradation and agree on the required action and on concrete targets and goals. It should arrive at formal agreements on specific commitments and should aim at the elaboration of conventions or protocols, to be signed at the conference, on specific issues, such as an international legal instrument for the protection of the atmosphere with particular emphasis on climatic change. The recommended title reflected the view that environmental issues should be tackled within a broad development context.

10. Besides defining the financial implications of its decisions and recommendations and identifying possible sources of additional funds, the conference should agree on specific commitments on additional resource transfers to assist developing countries to implement its decisions and recommendations. As the industrialized nations caused most environmental pollution, they should take the main responsibility for providing the needed additional resources. All industrialized nations should participate in the development of international funding mechanisms for additional assistance.

11. The conference should give special emphasis to the development of environmentally sound technologies, including the transfer of such technologies to developing countries. The Nordic countries welcomed the consensus in the Governing Council that sustainable development did not represent a new form of conditionality in aid or development financing, a matter of concern to developing countries. They supported the Governing Council's recommendation that the conference should promote the development of institutions at the national, regional and global levels to deal with environmental matters in the context of economic and social development processes.

12. The various government proposals for strengthening international co-operation and giving international bodies, such as UNEP and other United Nations agencies, more power to act decisively on environmental issues of global concern should figure prominently in the conference's deliberations.

13. With regard to the preparatory process, the Nordic countries agreed with the Governing Council's recommendation that four sessions of the preparatory committee should be held rather than the two proposed by the Secretary-General and its proposal for a separate, independent and adequate conference secretariat headed by its own secretary-general. As the Governing Council had suggested, regional conferences should be an important part of the preparations. One had recently been held at Kampala and others were being prepared, including one in Bergen (Norway), to be convened in May 1990 in collaboration with ECE.

14. The Nordic countries agreed that June 1992 was a suitable time to hold the conference and that participation should be at the highest political level. They hoped the General Assembly would take a decision on the venue no later than its forty-fifth session. The Secretary-General's budget estimates seemed low.

15. Mr. RAZALI (Observer for Malaysia), speaking on behalf of the Group of 77, said that the ministerial meeting held at Caracas from 21 to 23 June 1989 had reaffirmed the Group's commitment to strengthening international co-operation to prevent environmental deterioration. It had emphasized that the concept of sustainable development must include satisfaction of the needs of the developing countries' peoples and should not be used

as a pretext for additional conditionality in multilateral development and financial institution policies.

16. The ministerial meeting had stressed the importance of measures to support developing countries in multilateral co-operation efforts to protect the environment. Additional resources should be set aside for that purpose, including facilities for access to environmentally safe technologies. Alternative technologies should be made available to developing countries on concessional terms. Since the developed countries were the major source of pollution, they should make the major contribution to international efforts towards global environmental protection. Measures taken at the international level should take full account of, and seek to redress, the imbalance in global production and consumption patterns.

17. In the developing countries environmental degradation was linked to poverty and should be approached in the context of development, while in the developed nations it stemmed from industrialization and the technology of affluence. In some cases, transnational corporations operating in developing countries paid scant regard to environmental pollution. Such corporations had a specific responsibility to increase their participation in environmental protection efforts.

18. The ministerial meeting had welcomed Brazil's offer to host a United Nations conference on environment and development. The Group felt that a committee of the whole should be established by the General Assembly and that an independent, separate conference secretariat should be established in New York where the committee of the whole would meet and all States Members were represented. The General Assembly should take a decision on those matters at its forty-fourth session.

19. He asked that the UNEP Governing Council's decisions at its fifteenth session[1] and the views expressed during the current session should be transmitted to the Assembly at its forty-fourth session.

20. Mr. NOGUEIRA-BATISTA (Brazil) said that environmental issues would probably dominate national and international discussion for many years. World production and consumption patterns increasingly threatened nature. But much scientific information would be needed to provide a sound assessment of the situation. New technologies would have to be developed and available technologies used more efficiently. Substantial financial resources would no doubt be needed. Some problems were local in origin and effect. Others, while local in origin, had regional or even world-wide impact. Others originated in many parts of the Earth and adversely affected the entire world community's interests.

21. Corrective action required careful examination of cause and effect and in many instances the solution would require concerted action that might go beyond compensation and deal with removal of the cause. International standards should not be unilaterally imposed by the more powerful but must be established with the full participation of all countries, developed and developing. Standards could not be discussed solely in restricted forums such as IPCC. Conclusions must be reached by consensus and incorporated in universally agreed treaties.

22. In the industrialized world, a growing body of opinion seemed to challenge the idea of sustainable progress. One factor might be fear that fossil fuels might be depleted or become unbearably expensive before feasible alternatives were found. That approach represented a major reversal of the former more or less implicit assumption that natural resources were infinite or that technology would prolong their availability indefinitely.

23. The elimination of nuclear weapons and other weapons of mass destruction was certainly the most important contribution that could be made to the preservation of the world environment. Steps in that direction would enhance the credibility of efforts to prevent the degradation of the world environment.

24. The fundamental question now seemed to be whether science and technology had the potential to ensure indefinite progress for all the present and future inhabitants of a small planet and whether or not there were limits to growth. Threats to the environment had to be considered in the light of production and consumption patterns in developed and developing countries. To what extent was each nation or group of nations responsible for the depletion of natural resources or the pollution of the global environment? In the case of energy, the market and centrally planned industrial economies, with only 20 per cent of the Earth's population, were responsible for over 85 per cent of global consumption of nonrenewable resources. Fossil fuel combustion in the richer countries was by far the most important source of atmospheric pollutants, including those responsible for the greenhouse effect. Sulphur dioxide releases were the main source of acid rain. At the same time, for lack of know-how and financial resources, many developing countries were being constrained to make improper use of their land, compromising the sustainability of an already very low level of economic development.

25. In the developing world, nature was threatened by underdevelopment itself. In the richer countries, however, the way development had been achieved, in particular the lavish use of fossil fuels, was the source of the most serious threats to the environment. Fortunately, there seemed to be room for progress towards a more rational use of energy. Per capita consumption of energy in North America could, for instance, be brought down gradually to the level of Western Europe with no sacrifice of welfare. Even with present technologies, energy could be used much more efficiently in the industrialized countries simply by the adjustment of life-styles. Such actions would create room for increased levels of energy consumption by developing countries without a rise in world use of energy products and the ensuing environmental degradation. The developing countries themselves would, of course, need to rethink their own devel-

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[1] *Official Records of the General Assembly, Forty-fourth session, Supplement No. 25* (A/44/25), annex I.

opment models to make them more rational in terms of energy production and use.

26. Environmental problems would demand more planning and regulation of economic activities, as many of the possible solutions could not be left to the operation of the price mechanisms of the market alone. Nor could the matter be left to the bureaucratic whims of powerful central governments. Planning and regulation should be democratic and decentralized.

27. The concept of sustainable development could not be reduced to an obligation to be assumed only or mainly by developing countries and to be enforced through the imposition of additional conditionalities by international financial agencies. Environmental challenges could not be solved by financial resources offered as a sort of compensation granted essentially with a view to ensuring that developing countries would control their demographic growth or restrain development so as not to add to global pollution or the depletion of energy resources.

28. Brazil was committed to exercising its sovereign right to develop by making the best possible use of its natural resources. In exercising that right, the Brazilian people were determined to protect and improve their environment without compromising that of other countries. Brazil would, of course, do a much better job with regard to its environment if it were in a position to operate in a more congenial world economic environment. Despite adverse economic conditions, Brazil's new constitution contained a significant chapter dedicated to the environment question. The Brazilian part of the Amazon Forest was declared a national heritage, the economic exploitation of which was to be conducted in accordance with environmental guidelines to be established by the Brazilian Congress. The Brazilian Government was reorganizing all official agencies involved in environmental questions. A specific programme called "Our Nature" was presently under way. In carrying it forward the Government was relying on international expertise through technical co-operation agreements.

29. Technology transfer had been a major issue in relations between the rich and the less advanced countries. In the environmental context the industrial countries' endeavours to protect the environment would be more credible if they were prepared to assume clear treaty commitments to license, at cost, companies in the developing countries to exploit new, less polluting or more energy-saving technologies developed in the more advanced countries.

30. His Government confirmed its offer to host a United Nations conference on environment and development in 1992. It was honoured to have its candidature supported by the Group of 77 and trusted that the General Assembly would be in a position to decide on the venue at its forty-fourth session. Acceptance of the offer would give Brazil a valuable opportunity to increase and sharpen the Brazilian people's perception of environmental problems and to make a special contribution to the clarification of issues whose resolution would represent a major test for the international community. The international community should dedicate itself to the search for a new mode of international co-operation that would help the already industrialized countries to continue to grow and the developing countries to push forward with their own development in accordance not only with a better management of the Earth's finite resources but also with a more equitable sharing of the fruits of their exploitation.

31. Mr. LEVITTE (France), speaking on behalf of the EEC and its member States, said that mankind was becoming increasingly aware of the crucial importance of preservation of the environment. Concern at depletion of the ozone layer had led to the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on substances that Deplete the Ozone Layer, both of which were in force. The danger of climatic change had been highlighted by Malta's efforts and General Assembly resolution 43/53 of 6 December 1988. The subject had been discussed at recent international conferences in Toronto, London and The Hague, at which a broad consensus had emerged on the need for urgent action to reduce gas emissions causing the greenhouse effect. Some of the threats, such as desertification, deforestation and water problems, were regional and the developing countries needed the support of the international community to cope with them.

32. The EEC and its member States attached great importance to the 1992 conference.

33. They believed the priority issues should be protection of the atmosphere through measures to reduce climatic change, depletion of the ozone layer and transboundary air pollution, protection of water resources, including fresh water and protection of the oceans and coastal areas and resources, protection of land from deforestation and desertification, conservation of biological diversity and environmentally sound management of biotechnology and of hazardous wastes and toxic chemicals, protection of the quality of life and of health and working conditions, particularly for the poor.

34. The aim would be to incorporate environmental concerns in the economic and social policies of Governments and international organizations, to agree on new strategies and to supplement existing strategies by the signature of binding agreements to improve the present institutional framework, to facilitate the access of developing countries to appropriate technologies at reasonable cost, and to help the developing countries to develop their own technologies. The conference should agree on guidelines for the integration of ecological concerns in the economic and social development process, bearing in mind the needs of the developing countries.

35. The Community countries believed that co-operation between developed and developing countries in the solution of general environmental problems was essential. Additional financial resources would be necessary to help developing countries in the management of their ecological problems. Although ecological concerns needed to be considered in development plans and poli-

cies, that should not be a condition for provision of development aid or loans. Access to appropriate technologies was necessary for environmental protection. In that connection the communiqué of the OECD ministerial meeting of 31 May and 1 June 1989 stressed that OECD would co-ordinate its member States' policies with a view to promoting mechanisms for the transfer of technology to developing countries. It also referred to the necessity of taking into account the legitimate interests and needs of the developing countries.

36. It would be useful if, as suggested in UNEP decision 15/3 of 25 May 1989, the secretary-general of the conference could suggest guidelines so that countries could follow a common approach in their preparatory work and provide appropriate reports.

37. The Community and its member States agreed that the UNEP Governing Council, enlarged to include all States Members of the United Nations and the specialized agencies and IAEA, should constitute the intergovernmental preparatory committee, as proposed in UNEP decision 15/3. The number of preparatory sessions should be defined in the light of needs and the mandate of the conference. The Governing Council's first meeting as preparatory committee should be convened in Geneva in June 1990 to encourage broad participation. The venue of subsequent sessions could be decided later.

38. The Community and its member States supported the Governing Council's proposal that the conference secretariat should be based in Geneva. The Secretary-General might make the Director-General for Development and International Economic Co-operation and the Executive Director of UNEP responsible for the organization of the conference and appoint a senior official to head the secretariat. The budget should be realistic and such as to ensure efficiency. The costs of regional preparatory meetings could be partly covered by including them in the agenda of the regional commissions' annual sessions.

39. The Community and its members considered that arrangements should be made to secure the participation of the least developed countries. They endorsed the proposed title of the conference and the proposal that the dates of the conference should include World Environment Day, 5 June 1992.

40. Dame Ann HERCUS (New Zealand) said that although scientists were still assessing the implications of environmental issues such as global climate change, there was widespread agreement on the need for urgent action. Governments had shown their willingness to accept the challenges to protect the world's ecosystem. The Montreal Protocol had only been opened for signature in 1987, but many countries had already indicated that they would phase out ozone-destroying substances much faster than provided for in the Protocol. The Helsinki Declaration, adopted at the end of the first meeting of the Parties to the Protocol, held from 2 to 5 May 1989, was a sign of the common determination to strengthen the Protocol.

41. The 1992 conference would provide a challenge to all Governments to agree on practical measures for the protection of the environment within the concept of environmentally sound and sustainable development. In her Government's view, the conference should concern itself with climate change and its implications for energy use, deforestation, sea-level rise, agriculture and industry, with the problem of ozone depletion, and with the management of hazardous wastes and toxic chemicals. Her delegation would be prepared to address other environmental issues of concern to other delegations. The list of priorities prepared by UNEP was not necessarily exclusive. Work on priority areas should not be postponed until the conference. Work already under way, such as IPCC's work on climate change, should continue.

42. The conference should be organized by a preparatory committee with strong links to UNEP. Membership of the preparatory committee should be open to all States Members of the United Nations and the committee should meet at a venue which permitted maximum participation. A separate conference secretariat should be established and the first meeting of the preparatory committee should be held in June 1990, with further meetings as necessary.

43. The views of all States should be taken fully into account at the 1992 conference. The preparations for the conference needed to include mechanisms such as regional meetings to ensure that the views of smaller States, such as New Zealand's small vulnerable neighbours in the South Pacific, were taken fully into account. Her Government supported the recommendation of the Governing Council of UNEP that ways should be found of involving the whole international community, including Governments, scientists, industry, trade unions and non-governmental organizations, in the conference and the preparatory process.

44. Mr. WOLFF (Colombia) said that his delegation endorsed the views expressed by the Observer for Malaysia on behalf of the Group of 77. Environmental problems were the result of imbalances in development, which had increased the gap between developing and developed countries. Multilateral co-operation was necessary to meet the challenge of environmental protection and achieve adequate levels of development for the less developed countries. The 1992 conference should have as broad a scope as possible in order to arrive at international commitments that took into account the negotiations under way in other international forums.

45. Scientific information and opinions on the causes of the environmental deterioration were often contradictory. His delegation therefore considered that, in parallel with the preparatory work for the conference, an accepted diagnosis should be obtained to facilitate the conference's work and serve as a framework for global action. An intergovernmental preparatory committee should be established by the General Assembly at its forty-fourth session. It should be a committee of the whole and should be convened at United Nations Headquarters to ensure wide participation. In view of the con-

ference's political importance the secretary-general should be a person of the highest political standing.

46. The 1992 conference should deal with matters relating to economic growth, the elimination of poverty, international trade, population growth, the transfer of technology, the revival of financial flows to the developing countries, energy sources, particularly nuclear power, the destruction of tropical forests and drug trafficking, as well as the depletion of the ozone layer, the greenhouse effect and acid rain. The most appropriate venue for the conference would be Brazil, in accordance with the decision taken at the Sixth Ministerial Meeting on the Environment in Latin America and the Caribbean, held at Brasilia on 30 and 31 March 1989.

47. In that connection he drew attention to the statement by the President of Colombia at the May 1989 meeting of States Members of the Amazon Co-operation Treaty. The President had said that the industrialized countries were trying to evade their ecological debt to mankind by restricting social development and the exploitation of natural resources in the third world. The industrial countries had destroyed the bulk of their renewable natural resources without thinking of the immense costs to mankind as a whole. The depletion of the ozone layer, marine pollution, acid rain, climate changes and nuclear tests and disasters were the most obvious effects of uncontrolled development in the industrial countries. One way in which they could pay off their ecological debt to the third world and to mankind would be to provide the resources needed for the alternative model of development for Amazonia. They could also accord fair treatment to products from the developing countries and alleviate the external debt burden, thus reducing the economic and social pressures making for deforestation.

48. Mr. VILLARROEL (Observer for the Philippines) observed that the sometimes indiscriminate exploitation of natural resources in many third world countries was a matter of national survival, whereas for other countries it was merely a matter of maintaining a certain life-style. The depletion of the ozone layer and global warming were the alarming results of extravagant and needless consumption of fossil fuels. In contrast soil, forest, fishery and mineral resources were being depleted in many developing countries because concern for ecological conservation had to yield to the need for food, shelter and health. A healthy environment was useless to a poverty-stricken, hungry and dying population.

49. The problem of survival in developing countries was compounded by external debt and declining commodity prices. Because of the resulting economic stagnation the halting of forest destruction, the establishment of biological reserves, sound energy strategies and conservation of land and water resources were necessities many developing countries could ill afford. The choice was economic growth with environmental degradation or environmental preservation with economic stagnation. Increased assistance from the industrialized countries would help developing countries to restore growth and shift their priorities towards sustainable development and international environmental co-operation. His delegation supported the convening of the 1992 conference on environment and development.

50. Mr. DASGUPTA (India) said that his delegation endorsed the views expressed by the Observer for Malaysia on behalf of the Group of 77 and agreed with the Secretary-General that the relevant preambular paragraphs of General Assembly resolution 43/196 broadly set out the scope and general objectives for the conference. All the preambular paragraphs, including those relating to the provision of new and additional resources and to the transfer of technology to developing countries should be taken into account. The provisions of the UNEP Governing Council decision required to be significantly strengthened when the General Assembly took a decision on the conference at its forty-fourth session.

51. His delegation considered that the preparatory committee for the conference should be a committee of the whole of the General Assembly. While it had the highest regard for the UNEP Governing Council, the latter did not have a continuous existence. It would be essential for delegations to remain in continuous touch, formally or informally, throughout the preparatory process. The preparatory work should not be limited to formal meetings, the success of which could be ensured only if there was a regular and continuous cross-fertilization between sessions. That could be achieved by constituting a committee of the whole of the General Assembly, since delegations maintained a continuous presence at United Nations Headquarters.

52. The preparatory work would inevitably involve questions extending into areas outside the strictly technical aspects of environmental issues, such as growth and development, social welfare, legal issues, and even the financial position of the United Nations. Delegations would require a range of expertise to deal with those issues in an integrated manner. For most, if not all, delegations, that range of expertise was available in greater measure at United Nations Headquarters. The Secretary-General's report (E/1989/66 and Add.1 and 2) revealed a broad consensus in favour of holding the conference in 1992. His delegation shared the preference for that date. However, the successful completion of the preparatory work by 1992 would depend on the availability of funds, an issue that would have to be dealt with at the forty-fourth session of the General Assembly.

53. Environmental problems were linked with asymmetries in global patterns of production and consumption. In the developed world pollution was connected with very high levels of consumption and production. In developing countries, poverty was the main pollutant. The conference should seek to rectify such asymmetries by promoting measures conducive to protecting the environment and, at the same time, to closing the gap between rich and poor. It should seek to promote an equitable and sustainable pattern of consumption of the Earth's resources.

54. The principle, recognized in General Assembly resolution 43/196, that the developed countries had the

main responsibility for controlling pollution was not reflected in the UNEP Governing Council's recommendations. Indeed, some passages of decision 15/3 singled out measures involving the developing countries, without reference to the more important measures required elsewhere. That imbalance would need to be rectified when the General Assembly considered the question at its forty-fourth session.

55. Mr. OBASI (Secretary-General of the World Meteorological Organization) said that WMO welcomed the decision to convene a world conference on environment and development.

56. Environmental activities must not only protect the health of humans and ecosystems but also give room for economic development. That was especially apparent in dealing with problems that affected the global atmosphere. WMO was the specialized agency for co-ordinating global measurements of the atmosphere and its changing composition and of the climate. It also provided, in collaboration with UNEP, scientific assessments of the state of the global atmosphere and the possible effects of changes. Together with UNESCO, it had played an active role in measuring and assessing water resources and in predicting floods, cyclones and other severe hydrological and meteorological events, natural disasters which had enormous economic consequences, for developing countries especially. The forthcoming International Decade for Natural Disaster Reduction would help to reduce such losses through better warning and preparedness. The role that meteorological and hydrological information could play in economic development was discussed in WMO's report (E/1989/L.25/Add.6) in response to General Assembly resolutions 42/186 and 42/187. The Second World Climate Conference, sponsored by WMO, UNEP and UNESCO, would be held at Geneva from 12 to 21 November 1990. It would be an important milestone in the development of policy on the issue of climate change and could pave the way for further action at the 1992 conference.

57. WMO proposed that the 1992 conference should provide an opportunity for positive action on the protection of the global atmosphere and climate change and for progress in regard to the International Decade for Natural Disaster Reduction. It was prepared to participate actively in the planning and organization of the conference.

58. Mr. KOSIN (Yugoslavia) said that his delegation supported the statement of the Observer for Malaysia on behalf of the Group of 77. UNEP Governing Council's decision 15/3 contained important elements that should be taken into account by the General Assembly at its forty-fourth session. Together with the proposals made during the current debate, those elements offered a solid basis on which the General Assembly could prepare a resolution on the convening of the conference.

59. The idea of convening a conference was generally approved and was likely to be formally endorsed at the forty-fourth session of the General Assembly. In regard to the preparatory process, it should be borne in mind that the conference would cover a very wide range of issues. A solid preparatory process was a prerequisite for meeting the conference's goals.

60. One of the conference's main objectives would be to promote international co-operation in environmental protection, which should be regarded as an integral part of development, and all countries should participate in the common endeavour. However, the developed countries should undoubtedly bear the greatest share of the burden, given their responsibility as polluters and their financial and technical capacities. Additional financial resources for environmental co-operation and the transfer to developing countries of environmentally-safe technologies on a preferential basis were also essential to enable countries to ensure environmentally sound and sustainable development. In order to protect their environment, the developing countries must be able to revitalize their growth and development.

61. The participation of all countries in the preparatory committee to be set up by the General Assembly must be ensured. The committee should be able to hold meetings whenever the need arose and should have the support of the necessary secretariat structures bearing in mind the different issues to be tackled in the preparatory process. Thus, the relevant organs and organizations of the United Nations system, the development assistance agencies and the international financial institutions should participate in the preparations for the conference, in addition to UNEP as the body responsible for environment. Due consideration should be given to the location of the conference secretariat, which should co-operate closely with the preparatory committee and with the various organs, organizations and agencies involved in the preparatory process. That process should start as soon as possible and all the relevant elements should receive careful consideration. Yugoslavia was prepared to participate actively in deliberations and negotiations aimed at reaching a common stand on the convening of the conference and on the preparatory process.

62. Mr. FATHALLAH (Observer for Egypt) said that the interdependence of environment and development was obvious even to non-specialists. The report of the World Commission on Environment and Development (Brundtland Commission)[2] had described the situation in telling terms.

63. It was vital, therefore, that the advanced nations should realize that prosperity could not be achieved at the expense of the poor countries. Their selfish exploitation had harmed their own interests, through the depletion of the ozone layer, atmospheric warming, rising water levels, soil erosion and other climatic factors such as floods and desertification which destroyed arable land, deforestation, and pollution of the oceans as a result of the dumping of toxic wastes. In the long run, conditions for everyone would be prejudiced.

64. In an effort to save the planet, great efforts were being made in the context of UNEP. Despite its limited resources as compared with the scope of the problems,

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[2] A/42/427, annex.

UNEP was working hard to preserve and protect the environment.

65. Hope was rising that all countries would be able to work together to ensure the success of the conference to be held in 1992. The conference's title should reflect its objectives and his delegation would suggest "The United Nations Conference on Environment and Continued and Lasting Development".

66. The general framework of the conference was defined in General Assembly resolution 43/196. It was important that it should adopt a clearly defined plan of action, offering the developing countries alternatives and choices together with technical and financial assistance. The conference should also draw up international legal instruments for preventing further deterioration of the environment at the national, regional and international level. Preliminary work in that direction should be done by the preparatory committee.

67. Clearly, the conference aims could not be accomplished at a stroke and it would therefore be necessary to establish priorities. The preparations for the conference should include national and regional meetings with opportunities for full co-operation between the various organs and agencies of the United Nations system. It would undoubtedly be necessary to establish a separate secretariat to serve the preparatory committee and the conference. It should act as a centre for assembling experience and information, in particular the technical knowledge provided by the more advanced countries, as well as for co-ordinating the contributions of the various agencies. In his delegation's view, Geneva would be the most appropriate location. In that connection, he noted that the views put forward by the Observer for Malaysia reflected certain trends in the Group of 77 and not the views of all its members on that point. There was, however, general agreement that the conference should be convened in 1992 and his delegation supported that proposal strongly. It also felt that the Brazilian offer to serve as host should be supported and that a definite decision should be taken as soon as possible, accepting the offer.

68. Mr. KRIZHANOVSKY (Ukrainian Soviet Socialist Republic), speaking also on behalf of Czechoslovakia, said that his delegation attached great importance to preparations for the proposed conference. The two delegations' understanding of the aims and principal tasks of the conference were reflected in the preamble to General Assembly resolution 43/196, which they had joined in sponsoring. They had also further indicated their views in response to the Secretary-General's questionnaire.

69. There had been considerable discussion of preparations for the conference at the UNEP Governing Council's fifteenth session, and decision 15/3 contained a considerable number of points which could serve as a basis for a resolution at the forty-fourth session of the General Assembly. With regard to representation at the conference, the two delegations considered that, in view of the overriding urgency of present ecological problems, it should be at Heads of State and Government level. The conference might well adopt legal instruments, as had occurred at the Stockholm Conference and secure binding commitments by Governments. The conference could be expected to accelerate the implementation of existing national and international environmental protection measures and pave the way for further measures. They should be concrete and aim at ensuring sustainable, environmentally sound development and ecological security for all.

70. The two delegations were in general agreement with the list of major environmental issues in paragraph 4 of the annex to decision 15/3, which was based on up-to-date scientific information and reflected the opinions of a large number of countries in various regions and at various levels of development. It was also in line with UNEP's list of priority activities. The two delegations considered that the Governing Council's recommendation on the establishment of a United Nations centre for urgent environmental assistance could make an im-portant contribution to international co-operation, and should be acted on before 1992. As a preliminary measure, a small unit could be established in the existing United Nations system to co-ordinate such co-operation.

71. The conference might also promote the rapid exchange of information on scientific policy in the field of the environment, on ecological matters, and on environmental mishaps. The role of existing international organizations, particularly UNEP, was being strengthened in that regard, and the conference should assign responsibilities to the various bodies and programmes in the United Nations system in implementing its final recommendations. It should also estimate the resources required for implementation of the decisions adopted and indicate possible sources of financing. The two delegations had on a number of previous occasions put forward the idea of establishing an international ecological fund financed by voluntary contributions by States, organizations and individuals, and savings on military expenditure. The conference's recommendations for converting military production to nature conservation purposes could rapidly bear fruit in improvements in the ecological situation throughout the world.

72. With regard to the organizational side of preparations for the conference, it was natural that the Governing Council with open membership should function as the intergovernmental preparatory committee. Without wishing to underestimate the capacities of the future committee, the two delegations were conscious of the fact that only three years remained until the beginning of the conference, and that much remained to be done. Accordingly, they thought it essential to make full use of possibilities for discussing preparations for the conference at intergovernmental meetings, as had been done at the fifteenth session of the UNEP Governing Council. The forty-fourth session of the General Assembly should make it its object to free the preparatory committee from routine tasks and give it scope for genuinely creative activity. It was also desirable that the preparatory process

and the holding of the conference itself should be conducted as economically as possible.

73. As to the title of the conference, the two delegations pointed out that its proposed mandate almost entirely coincided with the aims and objectives of the concept of international ecological security.

74. Mr. VAVILOV (Union of Soviet Socialist Republics) said that UNEP Governing Council decision 15/3 on the conference struck a good balance. His Government had made clear its position in a letter from the Soviet Minister of Foreign Affairs to the Secretary-General (E/1989/92, annex). The conference should review and assess major ecological problems throughout the world, make available to all the experience acquired by particular countries in dealing with them and lay down guidelines for a nature conservation policy for all countries and international organizations. Participants should seek to adopt a code of conduct in the ecological field, possibly in the form of a global convention imposing the adoption by all countries of policies that did not conduce to environmental pollution and thus promoted the development of all countries, including the developing countries.

75. The conference should discuss the organizational side of international environmental co-operation, strengthen the central role of UNEP, reinforce its coordinating function, widen its material base and give adequate weight to its decisions. There should also be a thorough review and intensification for environmental purposes of the capacities of the main United Nations bodies, such as the Security Council and the International Court of Justice. A special committee or some other similar body might be established within the Security Council to deal with ecological questions, comparable to the Atomic Energy Commission (1946-1949), whose establishment had not required any changes in the Charter of the United Nations.

76. His delegation had noted with interest the proposals of other delegations, particularly the United Kingdom (19th meeting), with regard to the use of the Security Council and the General Assembly and was prepared to give careful consideration to them. The conference should also discuss the problem of extending and widening the use of nature and resource conserving technology. All nations were interdependent in the environmental field, and it was noteworthy that the technological aspect of that interdependence had recently been emphasized by a number of leaders in the West.

77. The monitoring, assessment and forecasting of ecological disasters and the free flow of ecological information would be another important theme. The conference should consider the question of establishing an international ecological fund, financed primarily from savings resulting from reductions in armaments.

78. The ecological education of the younger generation was a burning issue. The conference might see fit to make recommendations on primary education and other measures with a view to promoting fresh ecological thinking. The problem was so important that steps should be taken to deal with it before 1992.

79. The conference must be carefully prepared. There was already broad agreement to entrust preparations to the UNEP Governing Council. The preparatory work should be conducted as economically and as effectively as possible. The conference would be judged a success if it took full account of the interests of all countries and of mankind as a whole.

80. In view of the conference's exceptional importance his delegation urged that it should be held at the highest political level. He proposed that the Council should formally approve UNEP Governing Council decision 15/3, the contents of which were not only in general agreement with the Soviet Union's approach but reflected the consensus of a variety of countries. He hoped the outstanding questions relating to the preparation of the conference would be decided in the near future.

81. Mr. HAMDAN (Observer for Lebanon) said that his delegation endorsed in general the views expressed by the Observer for Malaysia on behalf of the Group of 77, while bearing in mind the points just made by the Observer for Egypt.

82. It was important that detailed preparations should be made for the conference well ahead of time so that it would be able to carry out the task expected of it. The necessary assistance should be provided so that all countries wishing to take part in the conference and in the work of preparing for it were able to do so. In the light of Lebanon's own tragic situation, he wished to emphasize the importance of international peace and security as components of the environmental situation and the importance of ending regional conflicts, restoring stability and ensuring that the rules of the Charter of the United Nations in respect of relations between States were respected, as essential prerequisites for success in any national plan to protect and preserve the environment. Any plan of action that did not contain specific agreed commitments on the part of States, requiring shared responsibility, would fail in its objective. There must be a reciprocal commitment to take into account the interests of all the parties involved.

83. Greater openness and transparency were needed in international trade relations, especially with regard to hazardous products and their effects on health and the environment. Information on those effects and the technological means for dealing with them should be available to all countries. The good offices of UNEP in that matter were welcome, as was the adoption at Basel on 22 March 1989 of the Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal. It was essential that an international policy should be adopted defining the basis and the features of new international legislation on environmental matters. National legislation, including criminal legislation, would need to be adapted in order to prevent and punish activities detrimental to the environment. Crimes against the environment should be treated in international crimi-

nal law on the same footing as crimes against humanity and crimes against peace and security.

84. Technical and financial assistance for reforestation should be provided within the framework of specific programmes.

85. Mr. BAIER (Observer for Austria) said that the trend towards rapidly increasing international awareness and co-operation in regard to the environment was clearly reflected in the work programmes of many organizations of the United Nations system. It was not surprising, therefore, that it should be a priority topic at the current session. Recognition that the environment must be regarded as a costly and precious "good" implied that the cost to the world community as a whole must be taken into account in considering any form of development. The World Commission for Environment and Development had been instrumental in making concern for the environment universal. Its new objective of sustainable development was a compelling concept that combined economic growth with environmental awareness. One of its greatest merits had been to demonstrate the links between environment and economics, but the main difficulty in implementing the concept was how to deal with, and what conclusions to draw from, those links.

86. The world-wide discussion centring on the concept of sustainable development had entered a critical phase. The developing world held the industrialized States responsible for the bulk of global environmental degradation. In their view, the implementation of environmental measures would hinder their further economic development and they were therefore reluctant to enter into a real environmental dialogue with the industrialized countries. The latter thought it necessary, therefore, to resort to other means of ensuring that the environment was protected in the developing world as well. What ought to be the greatest co-operative effort of the century risked becoming a confrontation. The environmental challenges ahead were far too serious to be tackled in such a manner, and called for a concerted universal approach.

87. The Secretary-General's report (E/1989/66 and Add.1 and 2) provided a useful summary of the various views on the scope and objectives of such a conference. His delegation believed that it was necessary to look at what could realistically be achieved at a meeting lasting a few weeks. The most desirable outcome would be for the conference to give a major political impetus to world-wide co-operation to protect the environment. A *sine qua non* for such a result would be a universally accepted understanding on the interrelationships between environment and development and their consequences. The search for such an agreed basis should be an integral part of the preparatory process.

88. In the case of the issues of substance to be dealt with by the conference, it seemed preferable to follow a multi-disciplinary approach, based on the findings of the Brundtland Commission.[3] It was important to identify areas of major global concern which could best be tackled by concerted universal action. In his delegation's view, such priority topics included air pollution, climatic change, hazardous wastes, dangerous chemical substances, soil protection and biological diversity. In considering those items, the conference should reach a common understanding on the best strategies for initiating the process of reinforced communication, exchange of information, transfer of appropriate technology, regional as well as global action, and burden-sharing in a large sense. Sectoral plans of action seemed an appropriate approach in that regard and might encompass such areas as energy supply, industry, agriculture and transport. The overall goal should be to reinforce world-wide awareness and provide for concrete action. Great importance must therefore be attached to the preparatory phase, which should make it possible to single out already those areas in which rapid and substantial results on a global level were most necessary.

89. Mr. KAGAMI (Japan) said that the Stockholm Conference had been a historic event in international efforts to protect the environment. Since that time, the progress of scientific knowledge and increasing awareness of the grave threats posed by environmental degradation had revealed new dimensions of the problem, some of which had not been foreseen earlier. In the light of those developments, his delegation was in favour of convening a United Nations conference on environment and development in 1992 in order to discuss measures to cope with environmental problems of a global nature from a long-term perspective. His delegation fully endorsed UNEP Governing Council decision 15/3 regarding the conference.

90. Increasingly acute awareness of environmental issues had already led to the holding of a number of conferences on environmental problems, including protection of the ozone layer, atmospheric warming and toxic products. In the circumstances, his delegation believed that the forthcoming conference should have two basic purposes. First, it should make an intensive overall review of the measures and actions taken so far by countries and international organizations in their efforts to protect the environment. Secondly, it should act as a forum for studying future concrete actions to be taken by countries and international organizations in response to global environmental problems. Such action should be thoroughly examined at the preparatory stage and should be acceptable to all countries. Rapid changes in environmental issues made it difficult to define the scope of the conference clearly in advance but, given the paramount necessity of achieving sustainable development and the current trends in world-wide public awareness, his delegation believed that the conference should focus first on measures to cope with global warming, secondly, on control of natural resources, including the protection of tropical forests, and, thirdly, on assistance to developing countries in that area.

91. The success of the conference would depend on its preparation. Maximum use should be made of existing human and material resources. In that connection, UNEP

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[3] *Ibid.*

could be expected to play a vital role in making preparations for the Conference and ensuring its success. All States should take an active part in the preparatory process and several preparatory meetings should be held prior to the conference at suitable places. Japan was ready to do its best to promote such active preparation.

92. In that connection, he noted that a conference on the global environment and human response to sustainable development was to be held in Tokyo in September 1989, under the joint auspices of UNEP and the Government of Japan. The conference, in which experts and scientists from all over the world were to participate, was expected to assemble the most recent scientific knowledge on global warming and related problems of development and environmental protection in developing countries as well as to explore possibilities for international co-operative action.

93. The survival of mankind on earth would depend on success in finding remedies for current environmental problems. Japan was determined to do everything possible towards the successful convening of the conference for 1992.

94. Mr. SCHLEGEL (Observer for the German Democratic Republic) said that solving the problems of preserving and protecting the human environment was a basic condition for safeguarding peace and security and for growth, development and prosperity. Despite diverging views on priorities and specific measures, there was general agreement that global problems required a global solution. Every State must make its own contribution, but co-operation on a broad international scale was also required.

95. Peace and environmental protection were closely related. The means needed for the costly protection of the environment must be released through disarmament.

96. His delegation attached great importance to developing co-operation in environmental protection further within the framework of the United Nations system and other international forums. A number of decisions already taken at the national and international level had been influenced by the Brundtland Commission's report, and the resolutions of the General Assembly. UNEP had also played a co-ordinating and catalytic role. His delegation welcomed the UNEP Governing Council's decision 15/1, on strengthening the role and effectiveness of UNEP and its Governing Council. It supported all proposals aimed at deepening world-wide co-operation in environmental protection and believed that the present forums within the United Nations framework were well suited to making decisive contributions to tackling pressing environmental problems. Every possibility of enhancing the effectiveness of those forums should be pursued. More concerted action was needed, rather than more institutions and new structures.

97. His country had already done much to preserve and protect the environment. Environmental protection was a principle of its Constitution, an integral part of national economic development, and an objective in international co-operation.

98. The 1992 conference, which could be as important for the 1990s and beyond as the Stockholm Conference had been for the 1980s, should be convened at a high political level. It should focus on the need to make a contribution to environmentally sound development through peace, disarmament, development and co-operation, and should adopt economic strategies that incorporated environmental aspects. It should also address problems of science and technology, in particular advanced environmental technologies, as well as new requirements for environmental education.

99. Important preparatory work had been done at the fifteenth session of the UNEP Governing Council. It had identified both substantive and organizational issues in regard to the conference, to be submitted for a decision to the forty-fourth session of the General Assembly. His delegation endorsed the elements to be considered for inclusion in a General Assembly resolution contained in the annex to Governing Council decision 15/3.

100. Mr. LABERGE (Canada) said that an international agenda for sustainable development was slowly but surely being shaped and the forthcoming conference on environment and development would serve as a catalyst for that agenda. At its forty-fourth session, the General Assembly would be asked to convene the conference and to make appropriate decisions regarding its scope, title, venue and timing as well as the modalities and financial implications of holding it. Like other delegations, Canada intended to look closely at the administrative, staffing and financial requirements to ensure that resources were adequate to ensure the success of the preparatory process and of the conference itself. His delegation welcomed Brazil's offer to serve as host to the Conference.

101. General Assembly resolution 43/196 had provided a framework for identifying environmental and development issues that would be of key importance well into the next century. Those issues, though grounded in a growing body of fact, were and would continue to be controversial. It might be possible to agree on the problems, but establishing priorities and ways of solving them would involve a great deal of understanding and compromise.

102. In the Caracas Declaration adopted in June 1989,[4] the Group of 77 had pointed out that environmental protection must be viewed as part of the development process and could not be considered in isolation from it. Excessive pressures of any kind could deplete natural resources to a point at which productivity, and therefore development, was diminished if not eliminated altogether. That was true of both developed and developing countries. It was also known that massive economic activities in a particular area could have global consequences. It was therefore necessary to respond globally to the challenges, bearing in mind the specific physical and economic requirements of the various regions and countries.

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[4] A/44/361, annex.

103. The Governing Council of UNEP had further refined the principles of General Assembly resolution 43/196. Its resolution 15/3 was a good basis on which to elaborate the scope and goals of the conference. The Governing Council had established a list of environmental issues of major concern in maintaining the quality of the earth's environment and promoting sustainable development. They included protecting the atmosphere by combating climatic change, global warming, depletion of the ozone layer and transboundary air pollution, protecting water and land resources, as well as the quality of human life itself, conserving forests and biological diversity, and ensuring environmentally sound management of hazardous wastes and toxic chemicals. It had been agreed in principle that the exchange of information should cover policies, situations and accidents, as well as the latest technologies. It had also been agreed that information and technology transfer, particularly to developing countries, should not be excessively costly and that countries should be helped to develop their own technologies.

104. Canada, for its part, had gone beyond an already well established procedure for the environmental assessment and review of economic development projects. The recently established National Round Table on Environment and the Economy, which brought together the business, labour, academic and environmental communities, was responsible for advising the Government on how best to integrate environmental concerns into economic decision-making. The new Environmental Protection Act guaranteed individual Canadians a role in decision-making about their environment.

105. Canada had also made notable progress on legal instruments at the international level. Such instruments were a crucial component of its agenda for the 1992 conference. International co-operation, no matter how positive and beneficial, must be strengthened by legally binding commitments to halt activities which endangered the planet.

106. Canada had played a leading role in work on preparing a framework convention on climatic change. A conference on the changing atmosphere had been held in Toronto in 1988, and, in February 1989, Canada had served as host for a meeting in Ottawa to develop and codify international legal principles on protection of the atmosphere. At the recent London and Helsinki meetings on the protection of the ozone layer, Canada had strongly endorsed proposals to phase out the production of chlorofluorocarbons (CFCs) and other ozone-depleting substances by the year 2000. At The Hague Summit, it had been agreed that global warming, depletion of the ozone layer and acid rain were issues that required urgent attention by Governments and concerted efforts at a solution before they became catastrophic problems. Canada had further undertaken to cut back emissions from leaded gasoline and sulphur dioxide emissions from industrial sources.

107. Because so much was at stake, his delegation believed it was essential to refine and elaborate the agenda for the conference with the full participation of all countries and the assistance of environmentalists, scientists, legal experts, policy-makers, and even committed individuals. In that way it should be possible to shape a realistic and concrete global plan of action to be implemented in an agreed time-frame. Given the extraordinary technological advances that had been made and the renewed spirit of constructive international dialogue, Canada believed that there were excellent prospects for achieving real results. It would continue to work diligently and to co-operate closely with others to achieve that end.

108. Mr. WANG Baoliu (China) said that his Government was convinced of the need for the conference, whose general aim should be to strengthen international environmental co-operation issues with a view to achieving sustainable and environmentally sound development. It should consider what lessons could be learnt from experience since the Stockholm Conference, review current problems and formulate effective action-oriented measures.

109. Preparations for the conference as well as the conference itself could serve to make environmental protection an important area of North-South co-operation in the promotion of development. Environmental pollution was caused primarily by the developed industrialized countries, which should bear the main responsibility for global conservation activities. On the other hand, the developing countries, which were vigorously pursuing national economic development, were looking for approaches and methods appropriate to their own conditions in order to avoid repeating past mistakes. The developed countries should combine their efforts to improve the environment with measures to create conditions favourable to the economic development of the developing countries and help them to solve the fundamental problems of poverty and overcome the disadvantages from which they suffered in pursuing adequate environment protection policies. The developed countries should also endeavour to increase the flow of financial resources and to expedite the transfer of technology.

110. The UNEP Governing Council had made valuable recommendations which could serve as a basis for future agreements on the most relevant issues for consideration by the conference and generally contribute to its preparation. His delegation would continue to participate in such work in a constructive spirit in the hope that the conference would promote multilateral and bilateral environmental co-operation. In that process, the relevant United Nations agencies, especially UNEP, had a catalytic role to play.

111. Mr. CAHILL (United States of America) said that his Government regarded the proposed conference as having a key role to play in grappling with the global nature of environmental problems. It was not surprising that the UNEP Governing Council had not succeeded in reaching agreement on all the issues before it at its fifteenth session. Consensus decision 15/3, which his Government had supported despite some reservations, pre-

sented a useful basis for consideration by the General Assembly. The conference should conduct a broad review of the progress achieved since the Stockholm Conference and deal with such priority environmental issues as climatic change, deforestation, marine pollution, the environmentally sound management of hazardous wastes, conservation of biological diversity and the organization of the international community so as to equip it to deal with environmental issues into the coming century. He agreed with the Governing Council that an adequate conference secretariat should be established in Geneva and favoured the convening of preparatory committees in June 1990, the first session being held in Geneva. His Government believed that the number of preparatory meetings should not exceed four—as recommended by the Governing Council in order to keep expenses down and to reduce to manageable proportions the number of international meetings scheduled for the coming three years. As the focal point for environmental issues in the United Nations system, UNEP should take the lead in preparing for and running the conference, and he agreed with the Governing Council's recommendation that the intergovernmental preparatory committee, with its own rules of procedure, should be the UNEP Governing Council, open on a basis of equality to all States Members of the United Nations, of any specialized agency, or of IAEA. In view of the balanced nature of the Governing Council's decision 15/3, his Government was at present disposed to accept its proposed title for the conference. It continued to have an open mind on the venue for the conference but favoured a developing country. It also believed that the conference should be entirely funded by voluntary contributions and that the conference secretariat should as far as possible be drawn from existing United Nations staff.

112. The proposed conference would come 20 years after the Stockholm Conference, which his country viewed as a landmark in international discussions of the environment. The new conference would also, he hoped, make a substantial contribution to meeting the many challenges presented by the world environment.

113. Mr. BABBINGTON (Observer for Australia) said that his delegation supported the proposed conference and had joined in the consensus on UNEP Governing Council decision 15/3. It looked to the forty-fourth session of the General Assembly to take firm decisions on the wide range of important organizational and substantive questions presented to it in the decision of the Governing Council. His delegation also welcomed UNEP efforts to elaborate a non-compliance mechanism for the Montreal Protocol on the Ozone Layer. The conference would provide a unique opportunity to achieve the widest possible agreement on environment conservation measures, and to ensure that the concept of environmentally sound and sustainable development became the recognized basis for development planning, especially in the developing countries.

114. The preparatory process would provide an opportunity for the elaboration of appropriate international legal instruments, for example, on climatic change, and biological diversity for signature at the conference. An important part of the preparation would also be the regional meetings that would be held to decide on regional priorities and perspectives. His Government regarded the proposed ASEAN and Pacific regional ministerial conference on the environment, to be held in May 1990, as an important step in formulating co-ordinated regional views on priority issues for consideration at the conference.

115. His delegation had noted with concern the proposal in the Secretary-General's report on the convening of the conference (E/1989/66) that temporary posts to form a conference secretariat should be created in three separate locations—New York, Geneva and Nairobi. The proposal had met with almost universal opposition at the UNEP Governing Council meeting and in his delegation's view the $2 million envisaged in the report for additional staff and supplementary expenditures could be reduced if the secretariat were established in a single location. He noted that WHO was preparing to second a staff member to assist the conference secretariat, and he hoped that other agencies would take similar steps, thus reducing the costs to the system and encouraging the involvement in the conference by other members of the United Nations family.

116. Mr. VALLENILLA (Venezuela) said that his delegation had strongly supported the proposed conference in the General Assembly when resolution 43/196 had been adopted. Much preparatory work remained to be done, which his delegation believed should include consideration of economic development in general. In subsequent communications to the Executive Director of UNEP, his delegation had reiterated its support for the conference and emphasized that it should be devoted to strengthening the dialogue between the developing and industrialized countries on environmental matters and that it should have a wide purview, including economic development in general. It was of overriding importance that it should be action-oriented and should be carefully prepared so that it could not only review developments since the Stockholm Conference and examine the current situation but also consider both the short and the medium-term future. The measures envisaged should include the promotion of the use of advanced technology in development. Developing countries were obliged to continue using outmoded technology, which was often deleterious to the environment. The conference should also agree on financial measures to support environment protection programmes, particularly in the developing countries. The disposal of hazardous waste and the pollution of international waters were essential matters for discussion at the conference.

117. UNEP Governing Council decision 15/3 reflected the effort made to reach agreement at the Nairobi meeting. The recommendations would have to be further discussed and refined. It was important that the concept of sustainable development should be constantly borne in mind during the preparatory process, and his delegation regarded the Governing Council's statement on that point as an important step forward. In that connection, he

drew attention to the Caracas Declaration, which emphasized that the concept of sustainable development should not be used as a pretext for additional conditionality in the policies of multilateral development and financial institutions, and that the concept of sustainable development must necessarily include meeting the basic needs of the peoples of the developing countries, maintaining adequate levels of growth for attaining their social and economic objectives and improving the quality of life in a healthy, safe and clean environment.

118. He welcomed Brazil's offer to host the conference.

119. Mr. ALGAN (Observer for Turkey) said that environmental protection was assuming increasing importance in his country. It was generally agreed that, in spite of national and international efforts, the problems created by pollution and ecological disasters were becoming more acute, and that the major responsibility fell upon the industrialized countries.

120. Turkey had already informed the United Nations (see E/1989/66/Add.1) that it supported the proposed conference.

121. His delegation called upon all States to take the necessary measures to prevent the dumping of toxic and dangerous waste in the developing countries, as was currently practised by the industrialized countries and transnational corporations. The larger dimension of that problem was respect for equality of rights to health of all human beings without distinction.

The meeting rose at 1.30 p.m.

29th meeting

Thursday, 13 July 1989, at 3.15 p.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.29

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued**)

1. Mr. CAMDESSUS (Managing Director, International Monetary Fund) said that it was surely a good moment, near the end of a difficult decade for the world economy, to take stock and assess whether countries had the right instruments with which to face the coming years. Although the closing decade had certainly been a difficult period, it had not been a wasted decade; to believe that it had been was to ignore what had been achieved by strenuous efforts in many countries to adapt to current realities, as well as the significant progress in the area of international co-operation. In fact, the situation had been mixed and performances had varied.

2. The middle-income countries, hard hit by the debt crisis, had achieved some growth in the 1980s but at a low and unsatisfactory rate, explained partly by inadequate economic policies in many of them and partly by world factors such as higher interest rates and adverse terms-of-trade movements. But internal problems, too, had been at the root of the debt problem and low growth. Structural rigidities, large fiscal deficits, lax monetary policies and social inequalities had likewise been deep-seated problems. Some countries had made good progress towards overcoming their debt problem; for the vast majority, however, the solution was going to take more time than had been anticipated. The solution must lie in far-reaching structural reforms, pursued consistently, supported by sound macro-economic policies to achieve financial stability and backed by resolute political commitment.

3. The poorest countries, including those of sub-Saharan Africa, had fared the worst in recent years; in their case, too, the future would depend largely on better domestic economic policies and an increase in external assistance. For those countries there was no short cut or miracle therapy to put them back on the path of lasting growth; nor was any equally miraculous inflow of concessional finance to be expected. The task required a long-term effort by all concerned—poor and donor countries alike—but the effort could speedily bring encouraging results.

4. The task of IMF was to act with those countries from the outset of their recovery programmes, to help them lay the groundwork so that they could start again on a path of strong, sound and sustained growth. That was what IMF was trying to do, especially through the Enhanced Structural Adjustment Facility. In countries where structural adjustment programmes were in hand, there were already welcome signs. A survey of the 30 or so programmes that IMF was supporting in Africa showed a moderate recovery of growth even during the

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* Resumed from the 27th meeting.

early years of adjustment. For countries where average growth rates had been less than 2 per cent for a long period, IMF's target was a rise to over 4 per cent on average by the time their programmes were completed, which would be after two or three years. That result would be modest but positive, although still fragile and vulnerable. The results looked encouraging and must be pursued, because the way seemed to be the right one and should not be abandoned in a desire for quick results by means of untried methods. But those countries did need substantial assistance from the rest of the world; in that connection, he welcomed the progress made since the Toronto Economic Summit Meeting, held in June 1988, in public debt rescheduling or cancellation. He hoped that the Paris Summit, known as the Ark Summit, would break new ground in that direction. The recent initiative by the President of France, and that just announced by the President of the United States, augured well and showed the right way, but it was necessary to go further in that direction.

5. But the many developing countries whose recent performance had been more favourable should not be forgotten. Indeed, there were as many lessons to be learned from successes as from setbacks—perhaps even more. Those countries provided remarkable examples of the extent to which prudent fiscal and monetary policies, market-based exchange-rate and pricing policies and strong structural initiatives could foster rapid and sustainable growth without unmanageable indebtedness.

6. With regard to economic development in the industrialized countries, there was a basic interdependence of the developing and industrialized nations. A healthy global economic environment and an open trading system were conditions essential to the developing countries' growth. There too, there was a varied picture with regard to economic policy co-ordination. The industrialized countries had experienced moderate but regular growth over an extended period, and the progress towards more efficient and productive investment augured well for the future; but the slow and inadequate progress in reducing the external imbalances of the largest countries—the United States, the Federal Republic of Germany and Japan—was a worrying element of the situation, at a time when some of the industrialized countries were facing stronger inflationary pressures. And there were other worrying aspects: inadequate fiscal policies had in some cases made necessary a stronger reliance on monetary restraint than would have been desirable. That was at the root of the current interest-rate level and must be rectified without delay. Efforts to co-ordinate economic policies among the major industrialized countries had produced remarkable results and had contributed to the maintenance of steady growth during the past seven years, but they would have to be reinforced if an environment conducive to global growth was to be created in the final decade of the century.

7. With regard to the kind of growth the developing countries should aim for in the 1990s and the kind of international support required for that growth, the need, in short, was for high-quality growth, based on a genuine expansion of productive capacity so as to create the means for a lasting improvement in living standards. Growth must be sustainable and not interrupted by internal or external imbalances with inevitable abrupt adjustment measures. That growth must take proper account of society's needs, including basic human investment and an equitable income distribution, so as to enjoy the broad support of the population. In other words, growth must be well balanced in all senses.

8. As far as the strategies needed to achieve such high-quality growth were concerned, the Fund's experience had shown that growth objectives must be ambitious but realistic—in other words, achievable. All must understand that the domestic economic structure had to change and that there would be major shifts among sectors of the economy and segments of the population. Armed with that understanding, Governments could strive to ensure that the costs and benefits of growth were divided equitably and efficiently. That was why the Fund was giving more weight to the importance of social issues in the adjustment programmes it supported. Clearly the sole lasting solution to poverty was through growth itself; but it was equally important to ensure that, when fiscal, monetary, exchange-rate and pricing policies were adjusted, ways were found to protect the socially disadvantaged during the adjustment process. In that connection, he paid tribute to UNICEF, UNDP and other bodies for their valuable support in the fundamental sphere of social issues on which the lasting success of any growth strategy depended.

9. Growth must be soundly financed and also backed by a firm political commitment. The latter was essential because high-quality growth in the medium term could be achieved only if a country was prepared to make sacrifices in the short run. Higher savings, to finance productive investment, required a curtailment of consumption growth, especially in the public sector. Structural changes were likely to hurt politically sensitive sectors. Some of the basic lessons from the Fund's experience might not be palatable, but their message was positive: sustainable growth could be achieved, whatever the difficulties of a country's situation, if the authorities consistently implemented the right economic policies.

10. The main responsibility for growth lay with the developing countries themselves; nevertheless, creditor Governments, banks and international agencies had a major responsibility to match stronger adjustment efforts by providing firmer support. The industrialized countries had an obligation to ensure continued steady domestic expansion themselves with a speedier reduction of external imbalances, and to liberalize the trading system. It went without saying, in that regard, that the success of the Uruguay Round of multilateral trade negotiations was of vital importance.

11. Furthermore, creditor Governments, commercial banks and international financial institutions had an obligation to contribute to growth by means of adequate financing on realistic terms. With regard to creditor Governments, he reiterated the need for a sizeable increase in ODA. As for the banks, he had repeatedly stressed that

they had a responsibility—and an opportunity—to do more, both in extending new money and by participating in debt reduction operations. Among the international bodies, he welcomed the valuable contributions by the World Bank, with which the Fund had a complementary relationship; the Bank was co-operating with the Fund *inter alia* in debt reduction operations and the promotion of structural reform in member countries. It was clear that public and private creditors must join forces to reverse the negative flow of resources from the developing countries by means of fresh financing, debt service reduction measures and, in the severest cases, debt cancellation. That implied a genuine new approach to mutual relations, in which all partners accepted the need to improve their contribution to the debt strategy.

12. The Fund intended to contribute its proper share in the financing of growth-oriented adjustment. First, the Fund, which was currently being called on more than ever, had mobilized all its resources and was pleased to report that the Interim Committee had authorized financing up to the maximum limits of its resources; those enlarged facilities could be particularly useful to middle-income countries.

13. Secondly, the Fund had been making available, for a little over a year, its Enhanced Structural Adjustment Facility, to assist the poorest countries; some 30 countries were currently making use of that facility. The Fund expected to extend more of that assistance in the months to come.

14. Thirdly, the Fund had created a new facility to help protect certain economic programmes which it deemed worthy against unforeseen contingencies which could cause setbacks, or to provide emergency assistance if required. A few weeks previously the Fund had concluded an agreement with the Philippines which included contingency financing of that sort.

15. Fourthly, the Fund, whose funding levels had never been enough to meet members' needs, was currently benefiting from a welcome commitment by Japan to supplement the Fund's contribution through parallel financing. That type of assistance was particularly welcome, and other countries in surplus should consider doing likewise.

16. Fifthly, the Fund, departing from its tradition of not interfering until all the donors had begun negotiations, had recognized that in some circumstances it was useful to provide speedy assistance, at the outset of programme implementation, in order to provide the requisite impetus. It would do so only on a case-by-case basis and when the Executive Board judged that prompt Fund support was essential for a programme's successful implementation. Since adopting that cautious modification of its practice, the Fund had made such disbursements to Costa Rica, Mexico, the Philippines and Venezuela.

17. Sixthly, the Fund was supporting debt reduction operations, since it had seen cases in which the strategy of having a debtor country grow out of its debt problem would not work because of the sheer magnitude of the stock of debt, and the debt overhang became a serious impediment to growth. For that reason, the recent development in the financial markets, pursuant to the Brady Plan, of techniques to reduce the stock of debt should be taken advantage of. Shortly after the Fund had adopted the relevant guidelines, the Executive Board had approved arrangements with four countries (Costa Rica, Mexico, the Philippines and Venezuela) which incorporated debt reduction elements. The question in many minds was whether the new formula would suffice in view of the enormous extent of indebtedness. Of the financing provided by the Fund to support members' adjustment programmes, 25 per cent was set aside for debt reduction purposes, and the Fund could add up to 40 per cent of quotas for further debt service reduction; that would certainly provide a good start, and no time should be lost before taking resolute steps in that direction. But for many countries that could be only a first significant step towards debt reduction; therefore, the Fund's quotas must be increased in order that the Fund could achieve the essential level of financial assistance. It was fortunate, in that respect, that the Fund's Governors had come to a conclusion on a quota increase before the end of 1989. Once that increase was in place, it was the quality of the programmes submitted by countries, and market developments, that would show whether or not the Fund's resources would be adequate. The Fund might need to have recourse to a further instrument.

18. Seventhly, the Fund had sought to remedy the hitherto virtually insoluble problem of member countries in arrears to it, to which it could not provide further assistance in principle. The Fund had developed a formula based on the adoption by those countries of credible recovery programmes and on the establishment of support groups to mobilize external assistance for those countries in support of stronger economic policies. The support group for Guyana, under the leadership of Canada, had been a good example, and Italy was helping in a similar effort on behalf of Somalia.

19. Those policy adaptations by the Fund showed its determination to support high-quality growth-oriented strategy. To that objective all could subscribe, but the road ahead would be long and difficult. All should try to assist one another through dialogue and to help improve their respective contributions to the essential common task.

20. The PRESIDENT said that during the general debate, the Council had heard 83 statements (40 by Member States, 18 by observers, 7 by specialized agencies, 2 by intergovernmental organizations, 4 by non-governmental organizations and 12 by executive heads of organizations of the United Nations system).

21. Pursuant to the relevant provisions of resolution 1988/77 of 29 July 1988 relating to the revitalization of the Council, he invited the members to exchange views informally with the executive heads of the organizations of the United Nations system.

The meeting rose at 4 p.m.

30th meeting

Friday, 14 July 1989, at 10.15 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.30

AGENDA ITEM 3

Special session of the General Assembly devoted to international economic co-operation, in particular to the revitalization of economic growth and development of the developing countries

1. Mr. ZEPOS (Greece), Chairman of the Preparatory Committee of the Whole for the special session, said that the Preparatory Committee had held its first substantive session from 29 May to 3 June 1989. The debate had been fruitful, and exploratory consultations had been held on the provisional agenda for the special session, organization of work and a possible outline of the final document. Constructive comments had been made on the preliminary outline of the Secretary-General's report.

2. A number of areas of common understanding had emerged from the meetings. The special session had been seen as an opportunity to return development to the top of the world political agenda. There had been general agreement that common perceptions should lead to policy guidance with a world-wide impact. It had been noted that United Nations success in bringing about solutions of international and regional problems would fuel expectations for a similar performance in the economic arena.

3. The international community could not afford a repetition of the dismal performance of the 1980s, which had been a lost decade for development. Changing conditions and new realities should be reflected in new thinking directed towards successful and sustained growth. Significant developments and a new openness in political and social structures justified optimism concerning *rapprochement* in areas where only recently confrontation had diverted world attention and resources from the central issues of the eradication of poverty and the resumption of economic growth and social progress.

4. It was hoped that the special session would provide a broad framework for a new North-South dialogue and stimulate preparations for the international development strategy for the fourth United Nations development decade, the Paris Conference on Least Developed Countries, the eighth session of the United Nations Conference on Trade and Development and the United Nations conference on environment and development, to be held in 1992.

5. General Assembly decision 43/460 of 7 March 1989 had been accepted as a useful foundation and a number of pressing issues identified, including trade, finance, resource flows, technology, the environment, the closer integration of regional groupings and other countries in the world economy and the need to adapt the United Nations system to respond more effectively to new forms of international economic co-operation.

6. The Council discussion under item 2 had provided a useful overview of areas where improvements were needed, as well as information, on recent developments concerning the subject matter of the special session.

7. The Preparatory Committee's work would benefit from various international conferences, as well as discussions in the United Nations. The ministerial meeting of the Group of 77 held at Caracas from 21 to 23 June 1989 had called for the revitalization of the North-South dialogue and reflected the urgent need for a consensus on growth and development. He hoped the outcome of the Paris Summit of the seven major industrialized countries would help to provide a more favourable economic environment for revived growth and development, particularly in the developing countries. The results of the non-aligned Summit Meeting in Belgrade, the annual meetings of IMF and the World Bank, and the ministerial meeting of the Group of 77 held in New York were also expected to provide useful inputs for the Preparatory Committee's work.

8. As Chairman of the Preparatory Committee he had been mandated to undertake consultations on all aspects of the preparatory work for the special session and to report to the General Assembly at its forty-fourth session. In addition to consultations with representatives of Member States, he had met a number of executive heads of specialized agencies and other United Nations officials. He would continue the consultations in New York with a view to completing his report during the forty-fourth session of the General Assembly, at which decisions on the special session might be taken.

9. The special session called for a sustained increase in the commitment of Member States to provide the necessary support, as well as readiness to accept the implications of a commonly agreed outcome. The outcome should command the confidence of Member States and stimulate discussion and action by governments and international organizations.

10. Mr. RAZALI (Observer for Malaysia), speaking on behalf of the Group of 77, said the ministerial meeting of the Group, held in June 1989, had viewed the special session of the General Assembly as an important frame-

work for international co-operation and commitment at the highest level possible. The Group of 77 continued to believe that significant opportunities had arisen for giving a new thrust to the development dialogue and revitalizing international economic co-operation. The Group would avail itself of every opening for serious dialogue in a spirit of mutual interest and solidarity. It was determined to make its contribution to the work of the special session, to the elaboration of the international development strategy for the 1990s and to the eighth session of the United Nations Conference on Trade and Development.

11. At the special session, the Group would endeavour to reach agreement with the developed countries on action to resolve such pressing problems as money finance, resource flows, trade, commodities, external debt and development, taking into account the existing asymmetry and the special needs of developing countries. The minimum aim would be to reach a consensus on the nature of the problems, approaches to their solution and the principles to be applied.

12. The Group regarded its role in the preparations for the special session as that of a consensus-builder. It was ready to enter into constructive discussions with other groups on all substantive aspects that could bring about a successful outcome. It expected other groups to respond in a comprehensive and positive manner. If the realities of real interdependence were to be accepted on a basis of shared responsibilities, there was a need to widen participation in the decision-making process.

13. The Group's substantive views on the special session had been clearly expressed at the Preparatory Committee's first substantive session. The Group had welcomed the preliminary outline of the Secretary-General's report. In preparing the final version of the report, the Secretariat could incorporate the results of the Secretary-General's consultations with eminent personalities, as well as the statements of various delegations.

14. The Group took note of the progress made at the Preparatory Committee's first substantive session and stressed the need to increase the momentum. The Chairman of the Preparatory Committee could hold informal consultations before its next substantive session to expedite the preparatory process and encourage a convergence of views. The Group looked forward to receiving the Chairman's report that was to be considered at the forty-fourth General Assembly session.

15. The Group of 77 reiterated the importance of universal participation in the special session, which should reflect a firm political agreement among Member States based on an integrated approach that broke away from the asymmetries of the past. The special session should bring appropriate answers to developing countries and formulate measures to reverse the negative trends that were widening the gap between developed and developing countries.

16. Mr. LEMERLE (France), speaking on behalf of the EEC and its member States, said that the member countries of the Community had made an active and constructive contribution to the Preparatory Committee's first session and attached the greatest importance to the success of the special session of the General Assembly. World public opinion expected new departures in international economic life taking advantage of the opportunities created by the strengthening of peace, the spread of democracy and the advances of science and technology. The chances of success were enhanced by the likelihood that all Member States would participate fully in the preparations and in the special session itself.

17. Although the 1980s should not be completely written off as a lost decade, the overall growth rate of developing countries had been only half of the 1970s figure and the per capita rate had fallen to nearly zero. In Africa, Latin America and some countries of Asia it had been negative. Even if allowances were made for rapid population growth, such uneven growth rates were unacceptable and in part represented a failure of international co-operation for development. While international co-operation had been sorely tried by the effects of the oil crisis and its repercussions in the 1970s and 1980s, that was no reason for continuing with the same policies and accepting the same results in future. Public opinion would not forgive a repetition of the failings of the past.

18. There was no guarantee the special session would succeed, although many members of the international community were actively grappling with development problems. Several major developing countries were making impressive efforts to achieve sustained growth without major imbalances, crushing debt or increased protectionism, and the structural adjustment efforts of others were equally deserving of recognition. With perseverance and political courage, the EEC should become an even more active, open and stimulating trading and financial partner than it was today. With regard to international debts, substantial innovations had been made during the past year.

19. Nevertheless, the special session would not be a success if it merely gave support to what was already being done. Nor should it simply compile a catalogue of recommendations containing everyone's pet theme but destitute of guidelines or priorities.

20. The final document should be simple and forceful. While not suggesting that things would be easy it should express the common faith in the possibility of accelerated development and joint determination to do what was necessary to bring it about. It might contain the following notions: first, as past experience showed, each country should determine its own development strategy, means and objectives, adjust its productive apparatus, create an environment conducive to the mobilization of national savings for development and strengthen its public institutions. Second, problems of population, employment, education, health and urbanization were dramatically important to the developing countries and vital to mankind as a whole. There again, their solution was chiefly the responsibility of each sovereign State. Third, in exercising their sovereignty and working for economic development and social progress, the developing

countries were entitled to expect assistance from outside, provided they managed their affairs in a way which allowed such assistance to be effective. Such external assistance was of two kinds: (*a*) the maintenance of an international environment conducive to non-inflationary and sustainable growth and (*b*) the transfer of capital, technology and resources. Donors should work continuously to improve international aid and keep in mind the 0.7 per cent GNP target. Fourth, national strategies and external assistance should be adapted to the diversity of local situations, development problems and possible solutions. Fifth, a multilateral and open world trading system encouraging the circulation of goods, services, capital and technology was essential to an international environment conducive to growth. The system must offer markets for developing-country exports and facilitate productive foreign investment in those countries. Sixth, sustainable development was impossible without preservation of the environment. Seventh and lastly, there could be no sustainable development unless the men and women working to bring it about had hope for themselves and their children.

21. The EEC and its member States were convinced that the special session of the General Assembly could and should be an occasion for reaffirming the joint resolve to put into effect a realistic and intelligible development strategy capable of restoring hope and mobilizing energy. If that were the case, the ideas put forward at the special session, the agreements reached and the impetus given would help forward each of the immediately following stages of world co-operation, as follows: the Second United Nations Conference on the Least Developed Countries, the review of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, the eighth session of the United Nations Conference on Trade and Development, and the United Nations conference on environment and development.

22. Mr. WANG Baoliu (China) said that although the Preparatory Committee had been unable to achieve concrete results at its first session, there had been a detailed discussion of the substantive and organizational aspects of the special session of the General Assembly. Consensus views had emerged on some points and on others there had been candid exchanges of opinion. The session of the Preparatory Committee had undoubtedly been useful.

23. Whether the session would be able to achieve any meaningful results would largely depend on the preparations. Given the limited time remaining, the period before the Preparatory Committee's next session should be utilized to the full. In order to facilitate the Assembly's consideration of the item at its forty-fourth session, the Preparatory Committee should engage in bilateral or other forms of consultation with regional groups and delegations on the provisional agenda and the preliminary draft of the final document, in accordance with the annex to decision 43/460.

24. The need for a consensus on the provisional agenda was particularly urgent. If the decision was left to the Preparatory Committee's second session, it would be too late and would hamper Member States in their preparations. The Chairman of the Preparatory Committee should hold consultations with the heads of the bodies and agencies of the United Nations system, including the specialized agencies. The Preparatory Committee should be able to count on the assistance and full co-operation of the Secretariat in that process.

25. The Secretary-General's preliminary outline of the report for the special session provided a good basis for discussion. It was to be hoped that the final report would fully reflect the discussions at the Preparatory Committee's first session and at the current session of the Council, and also that consultations between the Secretary-General and the eminent personalities could be speeded up. The report should be available by the beginning of the forty-fourth session of the General Assembly or, at the latest, two weeks before the Assembly was due to start its consideration of the agenda item, so as to give delegations enough time to study it.

26. Lastly, it was his delegation's hope that all countries would participate, at the highest possible level, in the special session. It hoped delegations would be able to make full arrangements to participate in the special session at an early date.

27. Mr. MØLLER (Denmark), speaking on behalf of the Nordic countries, said that the delegations of those countries had participated actively in the preparations so far, and that the Chairman of the Preparatory Committee and all delegations could be assured of their continued support and co-operation.

28. The gap in economic development between the developed and developing countries and among the developing countries themselves had widened throughout the 1980s. The need, and at the same time the potential, for enhanced international economic co-operation had increased. It would be up to the special session to muster the political will necessary to reverse the trend.

29. The Nordic countries had stated their preliminary views regarding the special session and its outcome at the meetings of the Preparatory Committee. They had stressed the need for the session's final document to embody new approaches and reflect a new spirit in international co-operation. In their view, the document should be short, clear and readable, lay down bold principles for enhanced international economic co-operation, and address the issues in a balanced and integrated manner. They had suggested that it might also serve as a conceptual framework for other forthcoming international economic exercises, in particular the international development strategy for the 1990s. They had stressed the need to recognize clearly the interaction between development and the environment and the need to base the economic and social development process on the concept of environmentally sound and sustainable development. The final document should also reflect the importance of

increased ODA and the need to achieve the 0.7 per cent GNP target as soon as possible.

30. They had been gratified to find those views shared by many other countries, both developed and developing. They had noted with great interest the many useful ideas brought forward and the constructive proposals that had been made. All delegations had indicated their flexibility and readiness to compromise in further deliberations and all had stressed the importance of arriving at a consensus. Much thought about the outcome of the session and ways of obtaining it would be required from all groups and delegations. Clearly, the first important steps had been taken at the first session of the Preparatory Committee. The statement by its Chairman and the discussion at the current session would give the Council an opportunity to provide further impetus and inspiration to the process leading up to the special session.

31. Mr. SCHLEGEL (Observer for the German Democratic Republic) reaffirmed his delegation's support for the special General Assembly session. Current problems in world economic relations meant that fresh impetus and a well-prepared new start were needed to promote economic growth and development in the 1990s. A turn for the better would require a joint effort by all those participating in international economic co-operation and the interests and problems of all sides must be taken into account. Above all, it was important to have tangible, positive results in the sphere of economic relations to match the ongoing improvement in the international political situation. The special session would be the right forum for such an endeavour.

32. His delegation believed that the special session should discuss the situation in international economic relations and in the field of multilateral economic co-operation as a whole. Within that framework, attention should be given to the alarming economic and social situation in most of the developing countries and to the question of enhancing economic growth in those countries. In its view, General Assembly decision 43/460 reflected that approach in a well balanced manner and thus constituted a suitable basis for the special session and for the work of the Preparatory Committee.

33. In accordance with that decision, the special session should define the priority issues in international economic relations, which included settlement of the developing countries' external debts, normalization of trade, intensification of scientific and technological co-operation, human resources development, the protection and conservation of the environment and securing food supplies for the world's growing population. The special session should recommend guidelines for approaching a solution to those priority problems. In preparing for the special session, account should be taken of recommendations for solving world economic problems and overcoming underdevelopment already adopted by the General Assembly and other international conferences, which, though still valid, remained so far unimplemented.

34. With those objectives in mind, his country would continue to participate actively in the preparatory work. It was convinced that the special session would be an important event in further paving the way for thorough preparation of the new international development strategy.

35. Mr. TURYANSKI (Ukrainian Soviet Socialist Republic), speaking also on behalf of the delegations of Bulgaria, Poland, the Soviet Union, and Czechoslovakia, recalled that they had been strong advocates of the proposal to hold the special General Assembly session, which would provide for a comprehensive discussion of world economic difficulties, and facilitate decisions on ways of strengthening international co-operation and grappling with a mass of accumulated problems. They were convinced that, in working out a common approach to the agenda, organization of work, and the final document, it was essential to take full account of the ideas and proposals of all countries and thus establish, right from the preparatory stage, a constructive spirit as a basis for the achievement of the widest possible consensus on development and international economic co-operation. Preparations for the session were taking place against a background of profound and rapid changes in the world economy, of global challenges calling for new comprehensive approaches to wide-ranging economic co-operation, fully reflecting the contemporary realities of a mutually independent and widely diverse world, universal co-operation between all members of the international community, and the achievement of higher levels of economic security.

36. The delegations for which he spoke considered that the preparatory work for the session should be based on the agreed principles enshrined in decision 43/460. Any attempt to revise them would lead to the destruction of a consensus which had been achieved by much hard work.

37. The delegations attached great importance to the informal consultations being conducted by the Chairman of the Preparatory Committee and hoped they would be a first step towards agreement on a precise framework for the session. They reaffirmed the view, stated at the Preparatory Committee's first session, that particular attention should be given to the following themes: the interrelations between trade, finance, indebtedness and science and technology and their effects on economic growth and development; and measures and mechanisms for ensuring predictability, stability, equality, security, mutual advantage and non-discrimination in international economic relations. The special session should give fresh impetus to the development of international economic co-operation for the benefit of all, take due account of the special needs of the developing countries and of the obstacles to their development, enhance wide-ranging co-operation in the social and economic activities of the United Nations system, work out an appropriate framework and basic guidelines for the new international development strategy, and define the role and tasks of the various international organizations and bodies in the United Nations system resulting from the necessity for a common search for solutions to the in-

creasingly urgent current economic problems. The final document should include recommendations on ways of strengthening economic co-operation in key areas, including concrete measures to improve macro-economic co-ordination on a universal basis, of contributing to the constructive solution of world economic problems, and of strengthening the role of the United Nations in the development of international economic co-operation and the solution of development problems. The delegations for which he spoke were ready to work constructively with other delegations on preparations for such a document.

38. Mr. KAGAMI (Japan) said the special General Assembly session would provide a unique opportunity to demonstrate the determination of all Member States to revitalize dialogue between developing and developed countries. His delegation welcomed the Caracas Declaration of the Group of 77,[1] which recognized the urgent need for serious and constructive dialogue, the objective of which must at least be to reach consensus on the nature of outstanding problems and on how to deal with them. If that objective were to be achieved, due consideration would have to be given to the wide diversity of the countries of the developing world, which invalidated the simplistic view that had long prevailed in the United Nations. The problems of individual countries and regions were so diverse as to demand a wide variety of approaches. The basis should be a recognition that developed and developing countries shared the responsibility for enhancing international economic co-operation for development. The Paris Summit Meeting of the major industrialized countries was discussing ways and means of achieving sustainable inflation-free growth so as to reduce international imbalances and of enabling the industrial countries to discharge their responsibility to assist the development efforts of the developing countries and deal with global issues of common concern, including environmental issues. The developed countries were fully conscious of their responsibility and role in the management of the world economy, and the developing countries, for their part, had a corresponding responsibility to pursue appropriate domestic policies, carry out structural reforms and create a favourable investment climate. Both groups of countries must recognize that it was essential for them not only to step up co-operation with their trading partners to the full extent of their economic capacity, but also to improve their own economic management. Without that, there could be no common understanding about the nature of the challenges facing the world economic community, and the special session would become a meaningless exercise.

39. The Preparatory Committee's first session had provided an opportunity for a preliminary exchange of views. The Secretary-General's report, submitted to the session, was not well balanced and needed revision. He hoped the comprehensive report to be submitted to the next session would take due account of the discussions at the first session and of such documents as the report of CDP and the *World Economic Survey*. Positive features of the session had been: the emphasis placed by all speakers on the need for universal participation of Member States in the special session, and for orienting the session towards a consensus; the agreement between most delegations on the need for an integrated approach to the issues, which were increasingly interdependent, thus avoiding the traditional sectoral approach by separate discussion of such issues as trade, commodities, finance, and transfer of resources; the shared view that the session should take cognizance of new developments in the world economic situation, and that prominence should be given to such themes as poverty, debt, and the environment; and the agreement that the final document should be short and convey a clear political message to the international community.

40. His delegation had been disappointed to learn that the Group of 77 did not wish to discuss certain issues, including population, adjustment programmes, the role of women, and natural disaster reduction measures, which were all issues of great importance for growth and development and had been consistently recognized as such by the developing countries in various United Nations forums, including the Council. If such attitudes were to be taken at the outset of the Preparatory Committee's work, other Members might react by presenting their own negative lists of items. It was his delegation's strong conviction that it should be possible for any issue of urgent concern to the international community to be discussed at the special session.

41. Discussions at the special session should not be something apart but should be based on deliberations held and agreements reached in other bodies so that the international community could become more fully aware of what had already been achieved. Discussions should be conducted on the basis of a proper evaluation of the efforts of developed countries towards sustainable inflation-free growth through policy co-ordination; an appropriate evaluation of the efforts of the developing countries to pursue sound domestic and external policies, including structural adjustment programmes; an affirmation of the importance of the Uruguay Round for the open multilateral trade system and proper appreciation of the role of international financial institutions; a confirmation of the necessity for common efforts on the part of both developed and developing countries to respond to resource flow problems, including debt and development assistance; an appreciation of the importance of sustainable development, giving priority to such issues as population, environment, natural resources, and natural disaster reduction; an appreciation of the importance of the social and human dimensions of development, such as health, education, the role of women, and human resources; and the alleviation of poverty and the enhancement of the well-being of people in all sectors, recognizing them as the main and ultimate objective of development.

42. Mrs. PACHECO (Uruguay) said that the special session of the General Assembly was of great importance to the developing countries and the whole interna-

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[1] A/44/361, annex.

tional community because it would take place against the background of major changes in the world economy that demanded a rethinking of the attitude adopted so far in regard to international co-operation.

43. In her delegation's view, the session should focus on reinforcing such co-operation and on co-ordinating economic policies, a process in which all countries should take part. The malfunctioning of the co-ordinating mechanisms of the major industrial economies, which had been unable to resolve current tensions, above all those relating to trade imbalances, was a matter for concern. Those tensions resulted in great instability in the key indicators of the world economy, making the reintegration into it of the developing countries even more difficult.

44. Action by the developed-country Governments had led to those tensions in the field of trade. Bilateralism was increasing, non-tariff barriers were on the rise and the role of multilateralism was being gravely reduced. That reduction reflected in increasing bilateralism and unilateral action should be the basis for the discussions at the special session.

45. Another item for discussion was the way in which the international financial system was operating and the disturbing trends that had emerged in the 1980s. The developing countries' external debt, the transfer of resources and the internationalization of financial markets and its adverse impact on the developing countries were all directly related to the theme of the special session. The Secretary-General's report to the special session should contain an analysis of the impact of current tendencies on the developing countries, particularly the trend towards increasing interdependence versus the marginalization of the developing countries; the asymmetry between adjustment and its costs in the developing countries; the financial and trade imbalances of the major industrial countries; current trends in world trade and in capital and financial flows; the obstacles presented by the current world economic situation; and monetary instability and the net transfer of resources from the developing to the developed countries.

46. The session's final document should be brief and specific. It should identify the decisions on strengthening co-operation, not simply summarize the discussion and mention all the topics without assigning any order of priority.

47. Finally, the session should not be viewed as an isolated event. It could be a very appropriate occasion for outlining policy and recommending action to strengthen all the activities of the international community, especially the principal organs of the United Nations system. The material prepared for it, the exchanges of views and the final document could be a very useful guide to the development strategy for the 1990s. Strengthening international co-operation and multilateralism in order to achieve economic growth and development in the developing countries was the only way in which countries could continue to live in an interrelated world without destroying themselves.

48. Mr. KUMBU-KI-LUTETE (Zaire) noted that the Observer for Malaysia, speaking on behalf of the Group of 77, had indicated the importance that developing countries attached to the special session. For years they had been calling for a more equitable international economic order in which the responsibilities of the developed and developing countries would be shared and defined.

49. The special session would provide an opportunity for a general assessment of the results of international co-operation between developing and developed countries and for the drawing up of a charter for the new international economic order, which would serve as a basis for the fourth international development strategy. The Charter should present both a short- and a long-term view of solutions to such problems as structural and macro-economic imbalances, unemployment, inflation, monetary fluctuations, and the indebtedness of the developing countries. The provision of adequate financial resources on flexible and concessional terms in order to stimulate growth and development, and a redirection of international capital flows towards the needs of the developing countries were priorities for the new decade.

50. The growth and development of the developing countries were linked to structural and macro-economic adjustment measures. The role of financial, economic, commercial and monetary institutions within the United Nations system and of private commercial banks in the developed countries needed to be defined and their responsibilities as the major providers of resources to the developing countries made clear. Under the prevailing system of international economic co-operation, the developing countries had the role of recipients and the developed countries that of donors. There was clear need for a new formulation of macro-economic policies since at present the countries with strong currencies unduly influenced international economic relations as a whole, while the developing countries bore the consequences of macro-economic disorder in the developed world.

51. The instability of key indicators in the world economy, exchange rates, interest rates and the lack of a monetary system taking account of the convertibility problems of the developing countries were the main obstacle to the expansion of trade between the developed and developing countries. The Charter should make adequate provision for a study of the currency convertibility mechanism in the developing countries. Traditional monetary theories were outmoded.

52. The interdependence of economies had not led to a global co-ordination of economic, monetary and financial policies at the international level, and the lack of co-ordination had adversely affected the growth of the developing countries, particularly those in Africa. The Charter emerging from the special session, should take account of the global cohesion and co-ordination of those problems.

The meeting rose at 11.45 a.m.

31st meeting

Monday, 17 July 1989, at 10.15 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.31

AGENDA ITEM 4

Revitalization of the Economic and Social Council

1. Mr. BLANCA (Director-General for Development and International Economic Co-operation) said that the Council, as a principal organ of the United Nations, could and should contribute to the strengthening of international economic co-operation with a view to relaunching growth and development. In order to respond effectively to perpetually changing needs institutions must be able to adapt and the Council was no exception to that rule. Indeed, given the expansion of its activities and the multiplication of economic and social bodies within the system, it was especially important for the Council to do so. The fact that it had been decided to make revitalization a major theme in 1989 showed the importance attached to it by Member States.

2. The Secretary-General's report (E/1989/95) took up the interrelated provisions of resolution 1988/77. Chapter II contained information on measures taken in implementation of each provision. Some ideas on the implementation of the resolution as a whole were set out in chapter III, in which the Council's attention was also drawn to a number of other questions. Detailed information on a number of matters relating to the multi-year work programme, documentation requirements and arrangements for meetings, was annexed.

3. The Secretary-General recommended that the Council should concentrate its attention on a limited number of topics each year, chosen well in advance so that the necessary documentation could be prepared. The adoption of a six-year work programme would help the Council to deal with the questions for which it was responsible. However, it would still be necessary to take up urgent problems whenever the need arose. Second, a thematic approach should be instituted, using the experience of other intergovernmental bodies which had reorganized their work programmes in that way. Third, the discussions and conclusions of the competent organs should form the basis for the Council's detailed consideration of the main general policy questions before it, and the Council should conclude with recommendations clearly defining the steps to be taken. Fourth, it was important to keep the link between the Council's multi-year programme and the United Nations medium-term plan, so that the Council's deliberations and recommendations on the main questions of general policy could help in defining priority activities and establishing future plans. Fifth, the Council had an important and unique role in matters of co-ordination. To perform that role effectively, it should be able to draw upon the active participation of the various bodies in the system. Many of the important matters interesting the international community were multidisciplinary in nature. Moreover, many sectoral problems could only be effectively solved through co-operation among the various bodies. The Council's multi-year programme of work should, therefore, concern matters of direct interest to the organizations of the system. The Council could take advantage of its deliberations and recommendations to highlight the usefulness of its contribution to the activities of the various organizations. Sixth, the Council should undertake a general review of its agenda with a view to rationalizing it. The review should result in a reorganized agenda enabling it both to devote sufficient time to a detailed consideration of general policy matters and to oversee the work of its subsidiary bodies as the Charter of the United Nations required.

4. The importance of documentation to the revitalization of the Council was obvious. It was increasingly clear that the Council was overloaded with documents which delegations did not always find very useful for taking pragmatic decisions. Action must be taken to ensure that the Council was provided in future with fewer but more useful documents. Members would have to make a real and determined effort to bring about the necessary changes.

5. It was evident that Member States were genuinely anxious to make the United Nations contribution to international co-operation for economic and social progress more effective. The ideas put forward by the Secretary-General in his report were intended to assist Member States in achieving that objective. The Secretary-General was equally anxious that the Secretariat should support the Council effectively and would report to the General Assembly at its forty-fourth session on that aspect.

6. Mr. PAOLILLO (Uruguay), speaking as Chairman of the Task Force on Documentation established by Council decision 1989/105 of 5 May 1989, said that in the short time between his appointment and the start of the current session he had been unable to convene the Task Force in New York, although he had had an opportunity for informal talks with some of the members of the Council who had shown an interest in taking part in the work. The Task Force had met for the first time in

Geneva on 11 July and again on 14 July 1989. The second meeting had coincided with a meeting of the Group of 77 which had meant that some delegations particularly interested in the topic had been unable to attend.

7. The Task Force was not, therefore, in a position to make recommendations to the Council. The exchange of views had, however, been useful and the participants believed the Task Force's mandate should be extended so that it could report to the Council's organizational session for 1990.

8. All the participants believed that reducing the volume of documentation and rationalizing and simplifying it was an integral part of the revitalization of the Council, and essential for enabling it to function in a more orderly and efficient way. It was agreed that no effort should be spared to put an end to a situation which seemed to worsen year by year. The participants had agreed that one step that might contribute would be a detailed review of all the documents submitted with a view to seeing how many of them were superfluous, redundant or repetitious. To help delegations in that task, the Secretariat had prepared a working paper (E/1989/WP.1) containing a list of periodic reports and other documents submitted to the Council in 1989. The process would be lengthy because of the time required to analyse documents one by one, and because the Task Force would have to tread warily because of the possible political implications of eliminating particular documents or consolidating them with others. The Task Force had concluded that it would not be advisable to start the exercise in the time available but that it should be undertaken eventually. One delegation had suggested that Council members should be asked to indicate what documents they regarded as unnecessary or repetitious.

9. The general view, however, seemed to be that there were other ways of cutting down documentation. The alternative methods included measures already the subject of an Assembly or Council resolution or decision: in other words, measures which were not new and were in force. Most participants felt that many provisions had already been enacted which would, if applied, result in an immediate automatic reduction of the volume of documentation. The Secretariat had prepared a paper listing all such decisions and resolutions and a number of delegations had drawn attention to those they regarded as particularly important. Such provisions included those requiring the biennualization of sessions of the Council's subsidiary bodies and of its own programme of work, the consolidation of reports and the prefacing of all reports by analytical summaries, in Council resolution 1988/77. They had also mentioned rule 13 (4) of the Council's Rules of Procedure on the postponement of agenda items if the relevant documents were not circulated six weeks before the opening of the regular session. They also drew attention to the provision in resolution 1623 (LI) of 1971 calling for summaries of recommendations requiring action by the Council in the reports of committees of the Council and subsidiary bodies, the provisions in Council resolution 1770 (LIV) of 1973 on the preparation of reports and the Secretary-General's responsibilities in that connection, on the maximum length of reports, in Council resolution 1894 (LVII) of 1974, and further provisions on the length of reports and on requests by the Council and its subsidiary bodies for the preparation of new reports and studies, in Council decision 65 (ORG-75) of 1975, the provision on examination by the bureau of compliance with the rules on documentation, in Council resolution 1979/1, the provisions on requests for documents exceeding the capacity of the Secretariat, in Council resolution 1981/83, the provisions on the length and number of documents, in General Assembly resolution 36/117, the provisions of Council resolution 1982/50 establishing arrangements for the consideration of reports, and the provisions of decision 1988/101 on recurrent publications of subsidiary bodies. It had been noted that some decisions were very general and required more specific directives before they could be implemented.

10. The Task Force had also engaged in an exchange of ideas on further measures. A number of delegations had suggested, for example, the establishment of an order of priority based on various criteria, such as, for example, whether the document concerned activities not requiring any action by the Council, or whether a report was provisional, whether it repeated another report, and so on. In that connection, some participants had felt that the Bureau's role should be strengthened and that it should be able to supervise the preparation of the documents to be submitted at each session of the Council and establish a hierarchy among them. One delegation had suggested that the Bureau or a special sub-committee should have the power to reject documents not prepared in accordance with the applicable rules. Lastly, with reference more to the availability of documents than their length or number, some delegations had proposed that study should be given to the possibility of making greater use of new communications technology, such as the storage of information on optical discs, electronic data transmission, the installation of computer terminals in missions and so on, all of which would substantially reduce the amount of paper circulated and result in considerable savings.

11. The participants had considered that the procedures mentioned, together with others which might be suggested, should be analysed by the Task Force at future meetings.

12. Mr. RASTAM (Observer for Malaysia), speaking on behalf of the Group of 77, said that the Group had always been concerned to make the United Nations system more effective and in that spirit had introduced, at the second regular session in 1988, the draft resolution on the revitalization of the Council which had subsequently become resolution 1988/77. The Group regretted that the implementation of some parts of the resolution had been delayed. The resolution should be implemented as a matter of urgency in order to revitalize the Council and allow it to function effectively, thus enabling it to assume the role assigned to it in the Charter of the United Nations. The Group therefore reiterated the need for a system-wide approach to co-ordination issues and the re-

assertion of the Council's policy guidance and co-ordination function.

13. The Group was prepared to discuss with other delegations the establishment of a multi-year work programme in the context of the Council's in-depth discussion of major policy themes. It was in favour of further streamlining and consolidating documentation. The specialized agencies and the Organization's Fund and Programmes should be further encouraged to provide the Council with the analytical summaries and other inputs called for in resolution 1988/77. By clearly identifying the issues and the inter-relationships among them, and the role of the various parts of the United Nations system in action in their respective areas, the Council's in-depth discussion of major themes could be given operational content as well as policy direction. The monitoring arrangements and the procedures for follow-up and reporting should be clearly spelt out.

14. The Group proposed to follow up its 1988 initiative by presenting a resolution to the Council that would contain substantive proposals on all those issues. They believed that such a resolution would enable the Council to carry its work forward and make it the effective and efficient mechanism envisaged in the Charter of the United Nations.

15. Mr. LEVITTE (France), speaking on behalf of the EEC and its member States, said that since 1950, when thought had first been given to means of strengthening the role and effectiveness of the United Nations in the economic and social sectors, Member States had called for the Council's revitalization at least once every 10 years. The permanent desire to improve the Council was proof of the importance that States attached to the economic and social sector as well as their determination to make the United Nations system more responsive to the ever-renewed challenges in that sector and to find lasting operational solutions.

16. In every case, the aim in revitalizing the Council had been to make it better equipped to carry out its duties and to exercise its powers under the Charter of the United Nations. Those functions and powers lay in three main fields: policy formulation, operational activities and co-ordination. For each of those fields, resolution 1988/77 had formulated a number of action-oriented recommendations. It had also set out new rules aimed at rationalizing the Council's methods and organization of work. The implementation of that resolution was described in the Secretary-General's report (E/1989/95).

17. In respect of policy formulation, the Twelve noted with satisfaction the specific measures taken both by Member States and the Secretariat. They believed that the decision to hold the general discussion during the first five days, with active participation by representatives of the organizations of the United Nations system, would enable it to be better prepared. They had also been gratified by the interesting and useful discussion held on the afternoon of 13 July with the executive heads. They would like to see that exercise extended, though without lengthening the session, perhaps by cutting the general discussion down.

18. The choice of five major policy themes was also a positive innovation. They hoped the Council would give further attention to the points identified at the organizational session and that more substantial discussions would lead to conclusions of use to the General Assembly. The Council should not duplicate the discussions and recommmendations of subsidiary bodies or substitute itself for the General Assembly. Using its central position in the economic and social sector to the best advantage, it should prepare a synthesis of the contributions of intergovernmental machinery bodies and the Secretariat on the points at issue for the Assembly's attention.

19. The Secretariat's participation in the new thematic approach was of the utmost importance. He welcomed ACC's prompt response and the proposals in the Secretary-General's report (E/1989/95) regarding the format of consolidated reports. The Community delegations considered that reports should provide a synthesis of the conclusions and recommendations of intergovernmental bodies which would be directly usable by the Council. They should where necessary also draw attention to problems and action the system might take.

20. While it was appropriate that the Council should ensure the follow-up of its general policy guidelines, it should not encroach upon the competence of the Assembly or duplicate its action. The Council should make better use of existing possibilities, such as examination of the chapters in the medium-term plan and programme budget relating to the economic and social sector. The Community delegations saw no clear need for the Secretary-General's note submitted to the organizational session of the Council (E/1989/Inf.2 and Add.1), and hoped the Council would stop asking the Secretary-General for bulk documentation that served no purpose.

21. The delegations welcomed the choice of operational activities as a major theme. In years when the Council did not receive a detailed triennial analysis, it should concentrate on specific issues and avoid discussing the same general subjects every year in a superficial way. There were of course difficulties. The reports of governing bodies had to be available early enough to be consolidated, and the Director-General's Office had to be provided with the necessary resources. In that context, it was unfortunate that part of the documentation on operational activities had arrived late.

22. With regard to co-ordination, which was indisputably one of the Council's major prerogatives under the Charter, the Community delegations considered that Council resolution 1988/77 was explicit but imprecise. It reaffirmed the Council's co-ordination functions but did not sufficiently distinguish between their various aspects. Co-ordination had to be an ever-present concern, embracing as it did the definition of policies, the identification of priorities, the integration of regional policies, the implementation of operational activities, and follow-up and evaluation of programmes. In response to a re-

quest by the Council, CPC noted in the report on its twenty-ninth session[1] that co-ordination had to be carried out at two levels, the definition of policies and programme implementation. The differing views expressed in CPC about cross-organizational programme analysis were not antithetical. The question was not whether cross-organizational analyses should be discontinued, but how best to meet co-ordination needs. Future consolidated reports to the Council on major political themes should, as far as possible, be accompanied by secretariat proposals for concerted action by the system. There would be a continuing need, as CPC pointed out, for more technical and retrospective cross-organizational programme analysis providing an overview of system activities in a particular sector to highlight the problems encountered.

23. The Community delegations supported CPC's recommendation on strengthening ACC's role in initiating proposals under the authority of the Secretary-General. They wished that part of the ACC report could provide an analysis of practical co-ordination problems and suggestions for remedial action.

24. With regard to the structure of the intergovernmental machinery and supporting secretariat services, and the streamlining of methods and the organization of work, the Community delegations noted with satisfaction that some of the measures adopted in 1988 were beginning to be put into effect. The increased role of the Bureau in the drafting of the agenda, the regrouping of items and the choice of major policy themes were steps forward, although there was room for further progress. The Council's subsidiary bodies should receive early consideration. Most had been established years ago in response to particular needs which should be examined to see whether the bodies were still required or should be reorganized. The Community delegations had made a number of proposals in that regard. They looked forward to receiving any recommendations the Secretary-General might wish to make in response to the provisions of General Assembly resolution 43/174 on practical measures to streamline the Council's subsidiary bodies and related support services. They hoped that in his report to the forty-fourth session of the General Assembly he would give his views on the prospect of carrying forward the restructuring process. Restructuring of the intergovernmental machinery should be reflected in the streamlining of secretariat support services, improved inter-unit co-ordination and more efficient use of resources. The provisions of resolution 1988/77 on the Director-General's office should be taken fully into account.

25. Efforts to rationalize documentation should continue. The delegations had participated in the Task Force on documentation and congratulated its Chairman on the excellent results achieved. The delegations has suggested the following principles: all General Assembly and Council resolutions on documentation, including resolution 1988/77, should be applied; the adoption of a thematic approach in the Council would permit the consolidation of reports with a consequent reduction of documentation; to avoid the present overloads in the Secretariat, documents should be assigned priorities on the basis of criteria that remained to be defined, such as content, relevance to agenda items, value to the Council, possible duplication and the like. In consultation with the Secretariat, the Bureau might monitor the progress of documentation and its contents, possibly meeting at regular intervals between the Council's organizational and regular sessions; greater use should be made of new technologies such as storage on optical disks and the installation of computer terminals in missions to permit documents to be read direct.

26. Ms. APPLEWHAITE (Observer for Jamaica) associated her delegation with the statement made by the Observer for Malaysia on behalf of the Group of 77.

27. As delegations would recall, agreement had not been reached in 1988 on Jamaica's proposal that an attempt should be made to identify the major areas of concern in the economic and social sectors on which the Council would focus attention and that the subsidiary machinery would be examined on the basis of these areas with a view to enhancing its coherence and effectiveness. In resolution 1988/77 the Council had however decided to look at the functioning of its subsidiary bodies along the proposed lines in relation to the areas covered in the current medium-term plan. The table in annex VI of the Secretary-General's report (E/1989/95) indicated that many issues were dealt with by a variety of intergovernmental agencies, whose activities could undoubtedly be made more effective. Her delegation believed that the Council would have to decide at some stage which areas of concern it would consider in the future and to define them in ways not reflected in annex VI.

28. The Council was trying to streamline its agenda by using a thematic approach. As the process would take some time to complete, the Secretariat might prepare, perhaps for the 1990 organizational session, an informal draft of what the Council's agenda would look like if the thematic approach were used for both economic and social items.

29. One of the matters raised in resolution 1988/77 was the need for a separate and identifiable secretariat support structure for the Council. She looked forward to the Secretary-General's proposals on that matter. With the growing interrelation between economic and social issues, it would be necessary to ensure adequate support for the Council in that area. The present situation, with most of the social divisions outside New York, would need to be reviewed.

30. Mr. TESIC (Yugoslavia) noted that, according to the Secretary-General's report (E/1989/95), a number of the provisions of Council resolution 1988/77 had not been implemented, no doubt because of reluctance on the part of United Nations bodies and of Member States to give up established methods of work and change the scope of their activities. In spite of specific recommendations on co-ordination, which was one of the Council's

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[1] *Official Records of the General Assembly, Forty-fourth session, Supplement No. 16* (A/44/16).

most important functions, no concrete improvement had been achieved. Although ACC had reaffirmed its commitment to assisting the Council in the implementation of intergovernmental decisions, there had been no real progress in that respect or in the streamlining of co-ordination machinery.

31. In other areas, failure to implement recommendations had had a direct impact on the Council's work. For example, non-adherence to the six-week rule on the circulation of substantive reports had undoubtedly hampered the Council's deliberations. The problem had never been so acute. The causes for the delays would have to be identified and done away with. The volume of documentation was huge and the consolidated reports requested had not been presented because, as the Secretary-General's report (*ibid.*) indicated, guidance was sought on the consolidation of similar or closely related issues. It was high time for an effort to consolidate agenda items so as to give sharper focus to discussions, particularly in the committees.

32. His delegation fully agreed with the view in the report (*ibid.*, para. 72) that, without a change in attitude on the part of Member States, efforts to improve the functioning of the Council would be ineffective.

33. He strongly supported the suggestions of the Observer for Malaysia made on behalf of the Group of 77 for further improving the Council's work but wondered whether the measures suggested would suffice. The Council could only be strengthened if all delegations committed themselves to that goal and accepted the full implementation of the letter and the spirit of the Charter of the United Nations.

34. Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic), speaking also on behalf of the delegations of Bulgaria, the Byelorussian SSR, Czechoslovakia, the German Democratic Republic, Hungary, Poland and the USSR, reaffirmed their conviction that United Nations activities should reflect the interdependence of the world economy and aim above all at achieving generally acceptable solutions to world economic and social problems. Although the Council's Special Commission had been unable to agree on decisions on the reorganization of the economic and social structures of the United Nations, it had thoroughly studied the situation and the dialogue inaugurated in the Commission had led to better understanding of the functions of the United Nations in relation to contemporary requirements, one outcome of which had been Council resolution 1988/77. The resolution, which was based on Chapters IX and X of the Charter and on various General Assembly and Council resolutions, could make a valuable contribution to rationalizing the Council's work and to strengthening and revitalizing its role. The Secretary-General's report (E/1989/95) rightly pointed out that the Council was the central forum for the discussion of international economic and social issues and the only intergovernmental organ in a position to oversee the related activities of the United Nations system. The delegations for which he spoke welcomed the proposals in the report for enabling the Council to fulfil more effectively its three main functions, policy formulation, co-ordination and monitoring, but they considered the report concentrated on technical aspects with insufficient attention to proposals or recommendations concerning the Council's substantive work. They believed the Council should focus on a few carefully selected major policy issues to be studied in depth with a view to making concrete action-oriented recommendations. Specific proposals regarding the Council's co-ordination function under the Charter were essential. The specialized agencies should be asked to include information in their analytical summaries on steps taken to give effect to Assembly and Council recommendations on economic, social and related matters. The fragmentary information supplied to the Council by the agencies was an inadequate basis for real co-ordination.

35. Examination of the relevant sections of the proposed medium-term plan and programme budget and recommendations to the General Assembly formed a corner-stone of future-oriented co-ordination by the Council and must be carried out on the basis of CPC's recommendations. Despite CPC's progress, much necessary work remained to be done. Annex VI of the Secretary-General's report (*ibid.*), concerning the implementation of paragraph 6 of Council resolution 1988/77, gave an incomplete picture of the situation. With regard to paragraph 3, the socialist delegations had stated that the report on the feasibility and comparative costs of holding one consolidated or two regular sessions (*ibid.*, annex V) should also take into account the Assembly resolutions restricting the convening at Headquarters of sessions of any United Nations bodies except the Security Council during the Assembly's regular sessions, Assembly resolutions concerning a more balanced distribution of sessions of United Nations bodies among New York, Geneva and Vienna, and the position of the Committee on Conferences on the issue. Since annex V of the report did not clearly deal with those points, they would be grateful if the Secretary-General would clarify the situation.

36. The socialist delegations reiterated that secretariat support structures and machinery could and should be adjusted according to the needs of the Council and the Second and the Third Committees of the General Assembly. The restructuring and improvement of intergovernmental machinery in the economic and social fields should receive priority. Well established practices which had proved useful should be retained. That was true of the general discussion of international economic and social policy whose significance for all the Organization's economic activities would be further increased if priority issues were identified more clearly and in-depth papers by the Secretariat were made available earlier.

37. Revitalization of the Council was not an end in itself. The ultimate goal was to enhance the Council's contribution to social and economic progress in fulfilment of its Charter mandate as the United Nations' principal organ in the economic and social fields. Its role should be strengthened in certain fields; assessment of the world economic and social situation, including long-

term development trends and identification of areas where multilateral consideration and approaches were needed; the promotion of multilateral co-operation in solving international economic and social problems; the promotion of an integrated approach to economic and social development; the co-ordination of economic and social programmes of the United Nations and specialized agencies; and monitoring the follow-up of United Nations resolutions and decisions. The delegations hoped that experience in implementing Council resolution 1988/77 would encourage further and fruitful efforts to find mutually agreed approaches to improving the United Nations machinery in the economic and social fields.

38. Mr. EL GHOUAYEL (Tunisia) said that General Assembly decision 43/432, adopted on the initiative of the Group of 77, was the Assembly's most important step towards reforming the economic and social sectors of the United Nations by streamlining the Economic and Social Council. The adoption of that decision and Council resolution 1988/77 testified to the realism and flexibility of developing countries' delegations which had agreed to postpone full consideration of their proposal to make the Council membership universal. He hoped the Council would be able to carry out fully its mandate from the General Assembly and that all delegations would demonstrate commitment, realism and flexibility.

39. As had been made clear at the ministerial meeting of the Group of 77 held at Caracas from 21 to 23 June 1989, the developing countries had great expectations of the Council. The Council's central co-ordinating role was of vital importance in the search for solutions to social, economic and environmental problems. Enhanced co-operation among the bodies of the United Nations system through the Council would give effect to what the drafters of the Charter of the United Nations had intended. Greater efficiency was not an objective in itself but was meant to promote progress towards the urgent goals to be attained collectively within the system's multilateral framework.

40. Complementarity should be the guiding principle for collaboration among the system's components, in order to enhance the work of the Council and the Assembly. At a time of increasingly complex economic issues, enhanced responsiveness by an integrated United Nations system was of the utmost urgency. Macroeconomic policy co-ordination, with the participation of all, was essential to a dynamic, predictable and more equitable economic system. Implementation of Council resolution 1988/77 was therefore the responsibility of all, Member States and Secretariat alike.

41. Mr. WANG Baoliu (China) said that the Secretary-General's report (E/1989/95) deserved the General Assembly's careful consideration. His delegation favoured an annual general discussion of international economic developments and in-depth discussions by the Council of priority items identified both in its multi-year work programme and the decisions of its organizational meetings. The Council would thus be able to make recommendations to the Assembly and also provide guidance to its subsidiary bodies. He hoped consideration of the traditional agenda items would be based on the Council's biennial programme of work, with a clearer emphasis on priority items, to allow sufficient time for in-depth discussion of substantive issues. The President should sum up, in a document, the policy statements made during the general debate on issues of common concern and during in-depth discussion of priority themes. The task might be difficult but would be worth while, and useful as a guide to the Council's future work. His delegation agreed with the Secretary-General on that point.

42. The specialized agencies' annual reports to the Council should be concise, action-oriented and in the form of policy analyses, stating clearly the action to be taken to implement the relevant provisions. His delegation hoped the action called for in Council resolution 1988/77 could be carried out.

43. The Council should consider the Secretary-General's suggestion that it might ask ACABQ for assistance, especially in considering how to translate policy guidelines and priorities into complementary and integrated plans. His delegation had always advocated the use of existing bodies for co-ordinating activities and programmes of the system as a whole. CPC should first consider the whole system's activities and programmes and submit recommendations to the Council, and the Joint Consultative Group on Policy should also play its part.

44. In formulating the biennial programme, the Council had begun to put closely related questions under one agenda item and had paid attention to linking the economic and social activities of the United Nations system. But certain topics, because of their unique features, could not be biennialized. His delegation hoped the specialized agencies concerned would pay due attention to that point and put forward suitable recommendations. The Bureau's efforts had helped to increase the Council's efficiency during the current year. It should continue to consult the various groups and delegations on major issues, both during and between the Council's sessions.

45. His delegation had always advocated reform of documentation, and had noted the work already done by the Task Force. Unfortunately, the six-week rule for the circulation of substantive reports of the Secretariat, and the eight-week rule for the Council's annotated agenda, emphasized in Council resolution 1988/77, had not been fully implemented. His delegation hoped that the annotations to the provisional agenda would be both procedural and substantive, not only providing a concise background but, what was more important, pointing out what questions the Council should focus on and decide upon. It was hoped that the Secretary-General would make recommendations aimed at overcoming the difficulties he had outlined.

46. Ms. MOLTKE-LETH (Denmark), speaking on behalf of the Nordic countries, said that the heavy organizational structure of the United Nations in the eco-

nomic and social fields was not geared to face the global challenges of the nineties. The Nordic countries were strongly committed to reform and would continue to participate in the work to enhance the Organization's effectiveness.

47. The standing complaint about the lateness of reports was serious, because delegations had insufficient time to evaluate them and hold consultations. Notwithstanding decisions taken about the six-week and eight-week rules, the current situation was worse than ever. Responsibility rested very much with the Council itself and with delegations which requested too many reports from the Secretariat. The Nordic delegation hoped that the Task Force would make suitable recommendations. There was need also to look carefully at various bodies' meeting patterns and to show more restraint in requesting documentation.

48. The Nordic countries welcomed the decision taken on policy formulation and the thematic approach to the general debate, although the themes selected for 1989 had been too numerous and extensive. In assigning priorities to various problem areas, efforts should be made to identify those most amenable to multilateral solutions where the United Nations could play the most useful role.

49. The proliferation of new bodies and meetings made adequate preparation impossible for Member States. A major component of further reform efforts, therefore, must be a review of the Council's subsidiary machinery, based on the Special Commission's findings, including opportunities for making certain subsidiaries expert bodies and, if necessary, merging or phasing out some of them. The Council should be given an expanded role with regard to policies and co-ordination in the fields subject to reform. CPC and ACC had been requested to assist the Council and submit specific proposals at the current session. Unfortunately the Joint Meetings could have been much more problem-oriented. Reports should be more analytic, pointing out areas of overlapping or joint responsibility and suggesting corrective measures.

50. The strengthening of the Bureau's role had helped in drawing up the agenda, and the Council's organizational session had been shortened as a result. So far only the tip of the iceberg had been scraped. The weak link in the system was the Council itself and its relation to other bodies of the system; a better division of labour should be sought in relation to those bodies, particularly the General Assembly. The Nordic countries had presented their ideas on that subject and on the performance of subsidiary bodies to the Secretary-General, whose leadership in the reforms they regarded as crucial. They looked forward to a thorough debate, under his guidance, during the General Assembly's forty-fourth session.

51. The Nordic countries had never considered that reforms were intended to save money. The goal was effective organization of work and any savings should be invested in priority programmes. The Nordic countries took an open and flexible attitude in regard to solutions but were committed to reform, which was necessary to restore the United Nations system's credibility in the economic and social fields.

52. Mr. LABERGE (Canada) said that Council resolution 1988/77 was the latest in a long list of decisions, resolutions and rules of procedure produced by the United Nations system, and the Council in particular, over the years and capable, if applied systematically, of achieving far-reaching reforms. But the impact of the 1985-1986 financial crisis, including cuts in staff, and the lack of a corresponding cut in collective demands on the Secretariat, were leading to constant breakdowns in the established procedures and delays in the production of documents. There was virtually no adherence to provisions such as the six-week rule, the limit on the size of documents and the avoidance of duplication. Seemingly it took a crisis to bring home the fact that the Secretariat, with the resources currently available, could service only 30 to 40 per cent of what the current world programme and the schedule of meetings called for.

53. In order to have a clearer view of the situation, and in response to the call by the Director-General for Development and International Economic Co-operation for delegations to work harder, the latter needed much greater candour and transparency from the Secretariat, the only body with a comprehensive view of the problem. A situation similar to that of the current session had been experienced a few weeks previously in CPC, where lack of documents or delay in their production had seriously hampered the work.

54. His delegation welcomed the Task Force on documentation. Specific recommendations enabling the documents problem to be properly tackled would contribute to the Council's revitalization, give it room for manoeuvre and enhance its capacity to co-ordinate and correct.

55. Mr. NIKAI (Japan) said that the basic functions of the United Nations in the economic and social fields had been increasingly undermined in recent years by the ineffectiveness of United Nations organs, including intergovernmental committees. The Secretary-General's report (E/1989/95) provided some stimulating inputs for the Council's deliberations on the subject.

56. The Council's general discussion of international economic and social policy had served a useful purpose in focusing on important problems, but his delegation did not consider that the discussion on the world economic situation or North-South relations in general was a useful part of it, since it duplicated the discussion in the General Assembly. Instead, the discussion should focus on a limited number of major policy issues which it was urgent for the Council to consider, such as the environment, poverty and population, as well as issues likely to emerge in the years ahead.

57. Few were satisfied with the Council's performance in monitoring the activities of its subsidiary bodies. His delegation agreed with the Secretary-General that monitoring should be undertaken more systematically, and believed the three points raised in the report (*ibid.*, para. 60) merited further consideration.

58. It had been extremely difficult to streamline the Council's programme. One reason was that too many issues were discussed. His delegation firmly believed the Council should focus on a smaller number of core issues each year. The number of agenda items had increased in recent years. The issues taken up in the Council should be those that were really important in the light of its real role and function. At the same time, issues which were not interrelated should not be clustered under one item, as had occurred in the agenda for the present session.

59. It was regrettable that a number of bodies had not been able to biennialize their sessions or adjust their schedules to the sessions of the Council. That was partly because the decision was left to the bodies themselves. The Committee on Conferences should be given greater authority, and subsidiary bodies should be requested to follow its recommendations.

60. Documentation had become a very serious issue in the United Nations system. Much of the responsibility lay with Member States, which were too ready to request reports on various topics. Member States should very carefully consider the need for the reports they requested and the possibility of overlapping with earlier or existing reports.

61. As far as the appropriateness of holding consolidated sessions of the Council in New York or Geneva was concerned, his delegation noted that the estimates in the Secretary-General's report indicated that the costs of the two alternatives were more or less the same. However, cost should not be the only criterion. His delegation took the view that one briefer consolidated session might be better than the present arrangement because it could be expected to lead to a more efficient discussion in a shorter period of time, paying due attention to both economic and social aspects in a more integrated manner.

62. His delegation did not necessarily support the idea of a separate and identifiable secretariat for the Council. The Director-General's Office should certainly be strengthened, but that should not be done through mere expansion of its staff and budget but through the redeployment of resources from other parts of the Organization. The revitalization of the Council was an urgent matter and what was vitally important was a strong political commitment by Member States to reform.

63. Dame Ann HERCUS (New Zealand), speaking also on behalf of Australia, said that Council resolution 1988/77 had been an important milestone in efforts to improve the efficiency of the United Nations system in the economic and social fields. The two delegations welcomed the Secretary-General's report (E/1989/95) and noted with pleasure that some of the changes envisaged, such as the shortening of the Council's organizational session and the early election of the Bureau, had been implemented. They supported the suggestion that the Council's monitoring role would be enhanced by the adoption of resolutions containing monitoring provisions. In the organization of work, a greater effort should be made to draw the Council's economic and social activities closer together.

64. Given the difficulty of forging a consensus on changes in the entire economic and social machinery, a step-by-step approach was understandably attractive. An approach that looked at only one United Nations organ might, however, overlook linkages between that body and others and stop short of scrutiny of other intergovernmental bodies in the economic and social fields. The step-by-step approach might lead to improvements but might not appreciably advance system-wide effectiveness or ensure proper co-ordination with no overlapping or duplication.

65. The two delegations considered that in the next phase of the review attention should be paid to the most appropriate relationships between the Council and the General Assembly, as well as the workings of the subsidiary bodies, UNCTAD and the various regional and functional commissions. It would be necessary to explore, for example, how best the work of the Second and Third Committees of the General Assembly might link to changes envisaged in Council resolution 1988/77. Also, much remained to be done to streamline the Council's subsidiary bodies and the regional commissions. The useful material provided by the Council's Special Commission might point the way in that regard.

66. While the Council might not have a mandate to undertake all that work, it did have a role in guiding the deliberations of the General Assembly when it considered the follow-up to resolution 43/174. The most fundamental message the Council should transmit was that the process of reform must continue. It was also important to build a consensus as to the goals of structural change and to ensure that those goals were clearly articulated. The economic and social bodies of the United Nations system should be forward-looking and responsive to the changing needs of Member States, accountable to Member States, productive of high-quality advice and of programmes that were effective, equitable, well co-ordinated and avoided duplication. Only when objectives and priorities in the economic and social fields had been agreed upon could decisions be reached on the structures needed to give effect to them.

67. Any financial savings resulting from structural or programme alterations should be reinvested in priority programmes as an integral part of the change of programme decided upon by Member States. It was also essential that there should be a consensus on a package of changes to be implemented in an agreed order over an agreed period of time. There must also be an explicit strategy for implementation to guide what was inevitably a difficult process, and an agreed review mechanism. In short, the Council should signal its intention to continue the work of reform in an attempt to make the system more responsive to new and emerging priorities in the 1990s.

68. Mr. KING (Trinidad and Tobago) endorsed the statement made by the Observer for Malaysia on behalf of the Group of 77.

69. The Council continued to be the focal point for the discussion of international economic and social issues of a global or interdisciplinary nature and the only intergovernmental organ in a position to oversee the intersectoral and interregional socio-economic activities of the United Nations. His delegation therefore attached great importance to the Council's revitalization and noted the progress made in implementing resolution 1988/77 and the proposals put forward in the areas of policy formulation, monitoring, organization of work and documentation.

70. He could support the proposal that a summary of major conclusions of the general debate should be produced and also the proposal that the Council's monitoring role should be enhanced. The periodic review of progress in implementing the international development strategies would be useful. Some other proposals, however, required more careful consideration. Accordingly, his delegation would participate in the discussions on the draft resolution to be presented by the Chairman of the Group of 77.

71. Mr. CAHILL (United States of America) said that he had been greatly encouraged by the discussion in the Council, in which many speakers had put forward very good, specific and succinct recommendations. When he had made his statement (18th meeting) he had suspected that a number of delegations really did not care any more about the reform and revitalization of the Council, but that was no longer the case.

72. His delegation strongly supported a practical approach. It was in favour of a periodic review process, a clear timetable, and the greater involvement of heads of missions. Council resolution 1988/77 had been difficult to formulate, and he hoped the constructive elements in it would be implemented. The Council should not forget the step-by-step changes needed to maintain the momentum for reform, but should also retain an overall view of the situation. Speakers from every region of the world had made excellent suggestions. Revitalization would not be hard to achieve if Member States really cared about it. All delegations would benefit from it. His delegation, in particular, was very much committed to revitalization and was open to suggestions from all quarters.

The meeting rose at 12.40 p.m.

32nd meeting

Monday, 17 July 1989, at 3.15 p.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.32

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued**)

1. Mr. RASTAM (Observer for Malaysia), introducing, on behalf of the Group of 77, the draft resolutions entitled "Net transfer of resources from developing countries and its impact on their economic growth and development" (E/1989/L.29) and "Strengthening multilateral co-operation in international economic relations" (E/1989/L.30), drew attention to some changes to be made in the wording of the first text. In the operative part, the words "that reflect" should be replaced by the word "on", the words "and indicate the conditions necessary to" should be replaced by the words "in order to", and a comma should be inserted after the word "countries".

2. Mr. ZVEZDIN (Union of Soviet Socialist Republics), introducing the draft resolution entitled "United Nations role in early identification, analysis and monitoring of world economic developments" (E/1989/L.31), observed that at present there was no country which could fail to be interested in the study of what was happening in the world economy or did not endeavour to forecast events in that field with a view to identifying trends. During the general discussion, many delegations had expressed concern regarding the uncertain outlook for the world economy and the emergence of world problems hampering development. A number of them had also stressed the need to strengthen United Nations activities in the economic and social fields.

3. It would be recalled that, in resolution E/1988/75 of 29 July 1988, the Council had requested the Secretary-General to prepare a survey of the mechanisms and means currently available within the United Nations system for the early identification, analysis and monitoring of world economic developments and to include it in the *World Economic Survey 1989* (E/1989/45) as an annex. The Secretariat had made a very thorough study (*ibid.*,

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* Resumed from the 29th meeting.

Special issues, sect. II) giving a more precise idea of the matter and of how to use the data available for the purpose of taking early national and international action. In the light of the Secretariat's work, it seemed that it should be possible to refine the thinking even further and to identify specific problems arising in the United Nations system with regard to the follow-up and analysis of world economic developments, as well as to improve the existing mechanisms.

4. Draft resolution E/1989/L.31, in which the Secretary-General was requested to report to the Council at its second regular session of 1990 on proposals for improving the work within the United Nations system on early identification and analysis of emerging problems in the world economy, was calculated to improve the efficiency of the United Nations system and to strengthen its authority in economic forecasting. The draft resolution had no financial implications.

5. Mr. WORONIECKI (Poland), introducing the draft resolution entitled "International economic co-operation: towards global confidence and common approaches to development" (E/1989/L.33), noted that the *World Economic Survey 1989*, as well as many delegations from all groups of countries represented in the Council, considered it necessary to proceed from the stage of an awareness of the situation to that of adopting common approaches to development. To do so would require much effort and time, but it was already desirable that the Council, in a short resolution, should proclaim the need to strengthen confidence in international economic relations and co-operation. The United Nations system should contribute to the revival of a dialogue focused on the search for a consensus as advocated by many leaders of developing countries at the bicentenary celebrations of the French Revolution and based on the spirit of solidarity referred to in the economic declaration issued at the recent summit meeting in Paris. That was precisely the purpose of draft resolution E/1989/L.33, which appealed to all governments to engage in such a dialogue in the context of the preparations for the international development strategy for the fourth United Nations development decade. In his delegation's view, development was "invisible", in the sense that it was a long-term process and could be attained only if all groups of countries again enjoyed growth.

6. The purpose of draft resolution E/1989/L.33 was totally different from that of the draft resolution submitted at the Council's second regular session of 1988. Since undeniable progress was about to be made in the assessment of development realities, the Council, in the performance of its statutory duties, should foster greater confidence in international economic relations, in accordance with a principle which had already been put into practice by the international financial institutions, multilateral development agencies and part of the international community and also was reflected in the Caracas Declaration.[1] The draft resolution before the Council (E/1989/L.33), which was therefore formulated around ideas similar to those underlying General Assembly resolution 43/194 of 20 December 1988, on long-term trends in economic and social development adopted by consensus, had been drafted in that innovatory and unifying spirit; there were grounds for hoping that, following the summit meeting in Paris, the current draft resolution would have the full support of the Council, which would thereby manifest its good will and prompt the major United Nations bodies, the United Nations system as a whole and governments to do everything possible to improve the lot of the developing countries and to stimulate world growth. Adoption of the draft resolution at the current session would be evidence that the international community had the political will and capacity to act. The draft resolution had no financial implications.

7. Mr. AGUILAR (Venezuela), introducing the draft resolution entitled "Interrelationship between economic and social factors" (E/1989/L.34), said that the international situation was characterized by a profound crisis in development that had extremely serious social and political repercussions. The links between economic factors and social and political factors were becoming absolutely clear, and it was obvious that major economic problems could not be dealt with in isolation. The Council and the General Assembly had a duty to examine that interrelationship and its consequences closely. That had led the sponsors to submit the current draft resolution, which was clear and concise and dealt with a matter of great topical interest that had been mentioned many times in the general discussion.

AGENDA ITEM 5

Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories

8. Mr. MILLO (Observer for Israel) said that the dream of his compatriots was to see the Middle East become the scene of efforts to combat poverty, disease and illiteracy, an area where scientific rivalry would replace military confrontation and economic co-operation would replace boycotts. The daily reality, however, was the carnage in Beirut, the use of deadly gases against civilians, terrorism and fanaticism, and the PLO's calls for violence.

9. The current situation in the territories was undoubtedly difficult, but it was unfair to blame Israel, which had devoted considerable resources and goodwill to improving living conditions there. As the executive head of UNDP had indicated in his report of 24 April 1989, the infrastructure of human settlement in the West Bank and Gaza and the general health condition of the population had improved over the past 20 years. However, not much could be done when stones or petrol bombs were falling, and the *intifada* amounted to a refusal to co-operate for development. The population of the territories should ask itself whether the price of violence was not too high. For its part, Israel still hoped that the population would choose the only solution, which was dialogue. The lot of

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[1] A/44/361, annex.

the Palestinians in the territories would be much better if there were fewer incitements to violence from outside, less moralizing directed at Israel, and more specific measures to enhance the quality of life and economic activity. They certainly had no need of United Nations resolutions blocking the efforts made by Israel to build better housing for refugees in Gaza.

10. Living conditions in the refugee camps must be improved, and Israel was endeavouring to do so with its meagre means. International co-operation was essential if the resources needed to implement a satisfactory solution were to be assembled. When the violence ceased and life returned to normal, development projects could start up again. During the 1980s, the military expenditure of the Arab world had amounted to $100 billion, a frightening figure if it was borne in mind that WHO had only $60 million for dealing with AIDS and $45 million to combat cancer, an illness that killed one-tenth of the world's population. The Palestine refugee problem could be solved with one week's oil revenues. Israel had submitted to its Arab neighbours a detailed proposal for the restoration of peace in the region. Such an historical opportunity should not be missed.

11. Mr. HAMDAN (Observer for Lebanon) drew attention to the fact that part of his country's territory was still occupied by Israel, despite Security Council resolution 425 (1978). Naturally, the populations of the occupied zone and of neighbouring zones were suffering from the Israeli occupation and from the continuing state of war and were unable to exploit their natural and national resources. The region was fertile and rich in water, minerals and historical remains. The Israeli authorities had helped themselves to properties and farms. Even worse, some disturbing news indicated that Israel was trying to settle in the area Falashas who had recently arrived from Ethiopia. The Israeli occupation had weakened, and even paralysed, commercial and economic activity, hampering exports and imports and increasing unemployment. Dozens of hectares of fruit trees had been uprooted in order to prevent suicide attacks on the occupying forces; dozens of villages had been completely destroyed and abandoned, while people living near the "security zone"—in other words, in occupied southern Lebanon—were subject to daily shelling and fear ruled out any normal life and any exploitation of natural resources in the area.

12. The Israeli forces were interfering with the operation of institutions, were imposing their orders on civil servants and were maintaining a state of siege, authorizing travel only at certain hours and subject to the possession of a pass issued by the military governor in an extremely arbitrary manner. Extensive areas had been seized by the occupying forces, which had sealed them off with barbed wire and connected them to Israeli territory by a vast road network. Mobile and fixed military centres had been set up throughout the occupied zone, preventing the operation of ski resorts and tourist facilities. The Israeli authorities were continuing to displace populations and to expel many inhabitants—more than 80 persons in January 1989, including old people, women and children. They were arresting young people to send them to prison camps. Israel was also attempting to impose a local civilian administration on the zone, exerting pressure on the population by cutting off its water, disrupting supplies and paralysing social services. According to certain information, the occupying forces had even diverted the waters of the Litani. In addition, they were preventing the United Nations forces and the Mixed Armistice Commission from performing their duties.

13. Such practices could not restore security and stability to Israel. Repression and occupation had never led to peace, which was possible only if all the parties concerned saw that their rights were being respected. Lebanon believed that the region would be pacified only when the legitimate rights of all populations—particularly the Palestinians—were guaranteed. After 11 years of occupation of southern Lebanon, it was necessary to recognize that security had not been improved in the northern part of Israel; the purpose of the occupation was therefore not to bring about such security, but to interfere in the affairs of Lebanon and to impede any peaceful solution there.

14. The Lebanese, who had long suffered the horrors of war, wanted peace; they appealed to fraternal and friendly States, as well as to the United Nations, to heed their call and to guarantee respect for their national rights in conformity with United Nations resolutions and with Security Council resolution 425 (1978) in particular.

15. Mr. PHARAON (Observer for the Syrian Arab Republic) expressed his regret that the Secretariat had not been in a position to circulate, by 12 July, the Secretary-General's report on Israeli financial and trade practices in the occupied Syrian Arab Golan (E/1989/118, annex) which had prevented a number of delegations from consulting their Government. He asked why the document was not mentioned in the annotated provisional agenda (E/1989/100). He also pointed out that he had only just received the English version of the report on Israeli trade practices in the occupied Palestinian territories (E/1989/82) and that he was still waiting for the Arabic version of that document. He asked how the Council could consider such an important issue if it did not have all the documents in all the working languages.

16. The report annexed to note E/1989/118 was very brief and did not fully reflect the situation in the area. Throughout the text the authors should have distinguished between inhabitants and settlers and should not have used an expression such as "inhabitants of the area". In paragraph 2, the term "citizens" should have been used, not the term "inhabitants". In paragraph 6, the expression "Syrian citizens' villages" should have been used instead of the expression "Druze villages". Paragraph 14 of the report indicated that trading services had developed at a rapid rate as a result of the rise in per capita income and the changes that had taken place. Was that supposed to mean that the occupying forces were encouraging development? If the oppressed populations

were benefiting from development, they would not rise up against their oppressors. Paragraph 16 indicated that the annual output of apples in the Golan was estimated at between 10,000 and 15,000 tons. In fact it was 40,000 tons a year. In paragraph 17 it was stated that, since 1981, apples from the Golan had not been subject to quota restrictions; however, since 1987, the occupation authorities had been preventing citizens from exporting their produce to the West Bank markets. He hoped that the Secretariat would take the necessary steps to correct those errors.

17. Turning to the question of the use of land and natural resources, he pointed out that the Palestine area had been, since the first half of the century, the victim of invasion and Israeli colonization and that imperialism had encouraged such aggression by supplying Israel with all the means for expansion. Article 1, paragraph 2, of the International Covenant on Economic, Social and Cultural Rights[2] stipulated that "In no case may a people be deprived of its own means of subsistence", and the General Assembly had reaffirmed the right of the Palestinians and of all other Arab peoples under occupation to exercise their sovereignty over their natural resources, which were being improperly exploited by Israel. Yet, Israel, supported by the imperialist forces, was using every means to deprive the Arab populations of the West Bank and the Gaza Strip of their means of subsistence. Israel was carrying out its own plans to deprive the Arabs of Palestine of all their usable land and to enslave them for use by it as a pool of cheap labour. In the West Bank, 50 per cent of the best arable lands were occupied by Israeli settlers, as well as 44 per cent of the land in Gaza and 90 per cent of the land in the Syrian Arab Golan. The Israelis had appropriated 90 per cent of the water resources of the West Bank, 50 per cent of the gas resources and all the water resources of the Golan, where Syrian citizens were totally deprived of water. They had had to limit the use of water, whereas the Israeli settlers had the right to pump all the water they wanted and were receiving water from other occupied areas. That situation had lasted for almost 40 years and the international community had failed in its duty by not putting an end to it.

18. In their effort to stop the *intifada* in the occupied territories, the Israeli forces were resorting to procedures every bit as barbaric as those used by the Nazis. All those affected by Israeli occupation had to adopt an economic and social way of life based on self-sufficiency and national consumption. Many people had stopped working. Many boycotted Israeli foodstuffs and replaced medicines by simple remedies. Farmers were receiving no aid, but that was not preventing them from improving their productive capacity. They did not borrow from Israeli banks but had recourse to relatives or friends in order to find the funds they needed.

19. The observer for the Zionist entity had stated that the Israeli authorities were devoting considerable sums to the development of the occupied Arab territories. That was totally false: the occupation authorities were appropriating billions of dollars annually in the territories and were not spending a thing on the citizens who lived there. It was equally false to state that the Arab world had devoted $100 billion to military expenditure during the 1980s. The Zionist forces, relying on the army, were fighting the Arab nation and preventing any *rapprochement* among the Arab countries. The latter countries were not seeking military superiority. Israel was the first country to have introduced nuclear and chemical weapons into the region, and the Arab countries consequently had a duty to defend themselves.

20. Mr. CHLUMSKY (Czechoslovakia) said that the General Assembly, by its resolution 181 (II) of 29 November 1947, had put an end to the United Kingdom's mandate in what had then been called Palestine. In fact, two independent States, one Arab and the other Israeli, should have been created at that time. The General Assembly's resolution had been in keeping with the legitimate interests of the two communities. However, shortly after its creation, Israel had used armed force to occupy the part of the territory which should have served to build a Palestinian State. The sole objective of the Israeli Government's policy was to subject the Palestinians or to oblige them to leave their country so that Israel could annex their territory. For that purpose the Israeli Government was using a variety of methods and practices, such as expulsion and expropriation of the land and water resources which were essential for the lives of the populations concerned. Every people had the inalienable right to use the natural resources situated in its territory, but the Israeli Government was continuing its overt violations of that principle of international law.

21. The policy pursued by Israel was singularly complicating the search for a solution to the Palestine problem and was one of the major causes of the uprising of the Palestinians in the occupied territories. The uprising had to be seen as an appeal to the whole international community for it to take, without further delay, the necessary measures to enable the Palestinian people to enjoy its national rights, including the right to dispose of its own natural resources. Israel's implantation of militarized settlements in the occupied territories was quite illegal and unacceptable to the Palestinians. In order to try to find an equitable solution to the Palestinian problem, it would be desirable to convene, under United Nations auspices, an international conference in which all interested parties would participate. The realistic and constructive positions of the PLO could help to provide a basis for negotiations on the establishment of a lasting peace in the Middle East.

22. Mr. OZADOVSKY (Ukrainian Soviet Socialist Republic) said that members of the international community should study the question of permanent sovereignty over national resources in the Palestinian and other occupied Arab territories with the greatest attention, since the ending of the illegal occupation of those territories by Israel and the restoration of the inalienable rights of the Palestinians and other Arab peoples in the occupied

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[2] United Nations, *Treaty Series*, vol. 993, p. 13.

territories were essential conditions for a settlement of the Middle East conflict.

23. The Secretary-General's report on Israeli trade practices in the occupied Palestinian territories (E/1989/82) showed that for many years the Palestinian economy had served solely as a basis of support for the Israeli economy. The report contained an analysis of the structure of exports from the West Bank and the Gaza Strip which proved that trade with those areas was enabling Israel to make $1 billion a year. The Israeli occupation had led to the confiscation of the best arable land and water resources, the demolition of houses, the forced displacement of the Arab population, larger-scale unemployment and the absence of medical services for Palestinians. Those practices, which were condemned by the international community, were denying Palestinians the use of their own natural resources. His delegation considered that the problem could be solved only within the framework of a global settlement of the Middle East conflict. It accordingly favoured the convening, under United Nations auspices, of an international conference in which all interested parties, including the PLO, as well as the permanent members of the Security Council, would participate on an equal footing. In fact, the full potential of the United Nations would have to be used to enable the interested parties to reach an agreement.

24. Mr. NADIF (Jordan) recalled that in its decision 40/432 of 17 December 1985 the General Assembly had requested the Secretary-General to prepare a report on Israeli economic practices in the occupied Palestinian and other Arab territories. He, too, would also have liked the report (E/1989/82), which had only just been circulated in Arabic, to have been issued much earlier.

25. The report was of particular importance for the Arab States, which noted that the Palestinians in the occupied territories, who were in the second year of their uprising, were going through an extremely difficult period. It was now perfectly clear that Israel had always wished to exploit the economy of the territories so as to make them totally dependent; that explained the fragility of their infrastructure and the small number of jobs offered to their populations. The detailed information supplied by UNCTAD's Special Economic Unit, which carried out the study,[3] was eloquent in that respect: it was now known, for instance, that the Palestinians were authorized to exploit only 14 per cent of their water resources. In addition, Israel, in order to suppress the uprising in the territories, had taken steps to accentuate further the deterioration of the whole economy: over 52 per cent of the total area of the territories had been progressively confiscated for the benefit of new settlements; Israeli control over ground waters, the limitations imposed on irrigation and the refusal to allow the drilling of new wells were considerably hampering agriculture; and the creation of new taxes, the economic embargo imposed on Arab villages and the measures taken to limit inputs of foreign financial aid were so many discriminatory practices stifling the economy.

26. In the occupied Syrian Arab Golan the occupation authorities had shown the same determination to prevent the establishment of a solid infrastructure. The Israeli authorities were keeping up the economic embargo against a population which refused to renounce its identity. Israel was thus endeavouring to impede the creation of local institutions, particularly co-operatives, and was flooding the market with subsidized Israeli products while local producers were forbidden access to any source of financing.

27. The international community had a duty to take the necessary steps to rectify that situation.

28. Mr. KHALLAF (Observer for Egypt) noted that the subject under consideration had been dealt with in many mutually complementary documents by several specialized bodies of the United Nations system, including, in addition to the Council itself, UNCTAD, HABITAT, UNDP and the UNCTAD/GATT International Trade Centre. He wished to pay tribute, in particular, to UNCTAD's Special Economic Unit, which had produced a study[4] whose conclusions were reproduced in the Secretary-General's reports to the Council (E/1989/82 and E/1989/118). His delegation had already commented, in the Trade and Development Board, on the Special Economic Unit's recommendations and would confine itself to drawing attention to the most important among them. First, Egypt supported the approach adopted for promoting the foreign trade of the Palestinian population of the territories, which consisted mainly in removing the many different restrictions imposed by the Israeli occupation authorities on Palestinian production, industrialization and trade. Second, a distinction had to be made between the conditions obtaining on international markets and those obtaining on a regional market normally capable of absorbing Palestinian products. As far as the former were concerned, the EEC was to be commended for having decided to grant trade concessions for Palestinian products. That was an example which should be more widely followed. Palestinian products must be given greater access to all possible markets, care being taken to ensure that they retained their Palestinian identity and that the proceeds from sales really went to the Palestinian producers. Third, until such time as Palestine became independent, the non-reciprocal trade concessions and preferences agreed upon by the participants in the ministerial meeting on the Global System of Trade Preferences among Developing Countries Members of the Group of 77, held at Belgrade from 11 to 13 April 1988, should be implemented for the benefit of Palestinian exports. Fourth, the idea of setting up, under the auspices of the UNCTAD/GATT International Trade Centre, a special unit to facilitate the direct marketing of Palestinian products should be followed up. Such marketing could, moreover, benefit from the development of the port of Gaza, subject to the necessary consultations being held.

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[3] "Recent economic developments in the occupied Palestinian territories, with special reference to the external trade sector: report by the UNCTAD secretariat" (TD/B/1183 and Corr.1).

[4] *Ibid.*

29. It must be borne in mind that the Israeli authorities were applying to the Palestinian territories a military occupation régime which was necessarily provisional. The various programmes to be developed for the benefit of the Palestinian populations of the territories must, of course, meet the immediate needs of the inhabitants, but they must also have in view the period which would follow independence and must therefore be drawn up forthwith in consultation with the populations concerned. If the programmes and projects were guaranteed by the international community, they would undoubtedly be successful.

30. Turning to the situation in the occupied Syrian Arab Golan, the subject of the report annexed to document E/1989/118, he said it was imperative that the Israeli occupation authorities should remove, especially in the field of agriculture, all obstacles to the exercise of the right of the Syrian Arab Republic to sovereignty over the natural resources of the territory. Egypt would endorse any proposal that might produce in the Council positive results in that regard.

31. He endorsed the comments which had been made concerning the inadmissible delays in the circulation of the reports before the Council.

32. Mrs. BODINA (Union of Soviet Socialist Republics) observed that the late distribution of the Russian version of the report of the Secretary-General on Israeli trade practices in the occupied Palestinian territories (E/1989/82) had prevented her delegation from studying it as attentively as it would have liked to do before the debate. It was regrettable, moreover, to have to be content, for the purposes of such an important debate, with statistics that were already out of date, since the UNCTAD report on which the Secretary-General's report to the Council was based was dated September 1988. In addition, contrary to the precise indications given in Council resolution 1988/65, the report before the Council did not give sufficient consideration to the financial practices of the Israeli occupation authorities in the Palestinian territories.

33. With regard to the substance of the question, she said that the USSR very much hoped that an equitable solution could be found for the problem in the occupied Palestinian territories; since the origins of the problem were extremely complex, the solution must necessarily be universal in character and be the result of negotiation. Accordingly, the search for a solution necessarily entailed a truly international effort.

34. The economic situation in the occupied territories was at the centre of the problem. The Council had been studying it, under the title "Permanent sovereignty over national resources in the occupied Palestinian territories", for years. It was obvious that the maintenance of the *status quo* in the territories had created an explosive situation there, which explained why the idea of convening, under the auspices of the United Nations, an international conference on the Middle East was gaining increasing support. There was, at present, no other way of dealing with the problem.

35. The only opposition to the plan for an international conference came from one country which refused, despite Security Council resolutions 242 (1967) and 338 (1973), to take into account the interests of the Arab populations concerned, which continued to be cruelly repressed. By June 1989, 600 persons had already died and around 50 had been expelled in the uprising in the Arab territories. In addition, the economic war against the Palestinian people was continuing. From 1977 to the middle of 1989, more than 1,000 military decrees had been issued and 930 of them had dealt with economic matters. Israel had confiscated over 52 per cent of the arable land, with the result that what land remained was being exhausted by overcropping. Agricultural production was also suffering from the water policy pursued by Israel, which was appropriating almost all the available resources. Industrial production was being systematically broken up, with the result that the greater part of the Palestinian industrial base consisted of enterprises employing only 10 workers or less. Moreover, there was no central authority or trade union to defend Palestinian workers. In the same way as agriculture and industry, international trade was suffering from a lack of capital and from the ambiguous regulations applicable to investments. Palestinian exports did not benefit from any trade liberalization measures, and Israeli commercial agents served as intermediaries for trade contacts between the territories and the rest of the world; Israel also controlled the domestic trade of the territories. In those circumstances, no investment was being made in infrastructure, to the detriment of transport and communications in particular. The concern for security also served as a pretext for Israel to cause undue delays in deliveries of goods. The absence of any marketing mechanism was a major impediment to the expansion of trade. Because of all those factors, the occupied territories were now entirely dependent on Israel, with which they had a growing deficit. As a result of the worsening terms of trade and the increasingly severe exploitation of the manpower of the occupied territories, the population was reduced to poverty. Despite the international community's protests and scolding, Israel was in fact pursuing a policy of economic enslavement. The international community must therefore take immediate and effective steps to put an end to that situation.

36. Mr. BAKALOV (Bulgaria) noted that in the Middle East time was working not for peace, but for war, and that the maintenance of the *status quo* in the occupied Palestinian territories was only increasing tensions. The population of the territories was unable to exercise its sovereignty over its national resources, and the uprising in the territories was thus readily explained.

37. The United Nations system had for years had to concern itself with the problem, which the world community alone could solve. For years, too, the international community had been condemning Israeli practices in the occupied Palestinian and other Arab territories, as was shown by certain recent resolutions, particularly General Assembly resolution 43/178 of 20 December 1988 and resolution 12/11 of the Commission on Human

Settlements of 2 May 1989. The previous year, the Commission had given effect to the General Assembly's call and had replaced the term "Israeli settlements" by the term "Israeli colonies in the occupied territories".

38. It was clear that any policy designed to modify the legal status of the occupied territories would be quite unjustified. In the present world, no political, territorial, economic, humanitarian or other problem could be solved on a lasting basis by the use or threat of force. It must be solved by peaceful means. Never before had there been such broad agreement on the need for a negotiated settlement in the Middle East. That was why it was necessary to convene the proposed international conference. Israel was the only country still opposing that idea. Now that the PLO had proclaimed the State of Palestine, had officially endorsed Security Council resolutions 242 (1967) and 338 (1973) and had publicly condemned terrorism, Israel no longer had any grounds for opposing the convening of such a conference.

39. He renewed his country's support in principle for the Palestinian claims to sovereignty over the Israeli-occupied territories and their natural resources.

40. Mr. ABU KOASH (Observer for Palestine) regretted that it had been necessary to wait four years for the submission, pursuant to General Assembly decision 40/432, of a report on Israeli economic practices in the occupied Palestinian and other Arab territories (E/1989/118, annex), a relatively short document whose circulation had, moreover, been delayed. No one would be surprised, therefore, that his delegation had complained about the lack of effectiveness in implementing the resolutions and decisions of the United Nations concerning permanent sovereignty over national resources in the occupied Palestinian and other Arab territories. Neither was it surprising that it had called for the appointment of experts to prepare the required report on the financial and trade practices of the Israeli occupation authorities and thus ensure the effective and timely implementation of the relevant resolutions and decisions. If UNCTAD's Special Economic Unit had not existed, the report in question would never have appeared. The Special Economic Unit had, in fact, shown that, even with a very small staff, it was possible to do good work provided there was a will to do so. It was therefore to be hoped that a decision would soon be taken to assign two additional research workers to the Special Economic Unit to enable it to cope with an ever-increasing work-load.

41. The report on Israeli economic practices in the occupied Palestinian and other Arab territories had the defect of being based on Israeli statistics in which, for example, the incomes of Israeli settlers were added to those of the indigenous population, giving a false picture of the latter's income, which was in fact very low. Nevertheless, the document did reflect, in a general way, the financial and trade practices of the Israeli occupation authorities in the area. Those practices included the closing of the only local bank that had been operating before the occupation, the replacement of Syrian currency by Israeli currency, the imposition of various occupation taxes and the dumping of Israeli products on local markets. Since his delegation had already referred to those practices in the First (Economic) Committee, as well as in the Trade and Development Board, he proposed to take up directly the question of permanent sovereignty over national resources in the occupied Palestinian and Arab territories.

42. Israel was persisting in claiming sovereignty over the occupied city of Jerusalem and the occupied Syrian Arab Golan, which it had annexed by force, while in the other occupied Palestinian territories it was practising a policy of creeping annexation. According to the provisions of international law, the Palestinian, Syrian and Lebanese peoples of the occupied territories should be freed from foreign occupation and should recover their sovereignty over the natural and other national resources of the territories concerned. Israel had confiscated and depleted those resources in violation of its obligations under international law. Israel should therefore be required to compensate the populations of the occupied territories for the loss and damage which they had suffered.

43. The Palestinian people had submitted constructive proposals for the solution of the Israeli-Arab conflict. Those proposals had been endorsed by the recent summit conference of the Arab countries held in Morocco and had been favourably received by the whole international community except for Israel, which persisted in obstructing every effort to achieve a genuine peace.

44. Instead of working for peace, Israel had proposed—obviously for public relations purposes—the holding of purported free elections in the occupied Palestinian territories. Those sham elections had, moreover, been made subject to four conditions: the exclusion from the electoral process of the Palestinians living in the occupied city of Jerusalem, the establishment of new Israeli settlements, the crushing of the Palestinian uprising *(intifada)*, and the non-withdrawal of Israeli forces from the occupied Palestinian territories. In addition, Palestinians living in exile would not be authorized to return to their country to participate in the elections. Israel was still very far from accepting the idea of free elections. No one could describe as "free" any elections during which there would be no guarantees of freedom of speech, freedom of information, freedom to organize political parties and to campaign, nor freedom to express support for a political movement, in the case in point the PLO. The holding of free elections presupposed the release of Palestinian political prisoners and the absence of any form of intimidation. Israel, however, took the view that free elections could be held at a time when Israeli soldiers and settlers were aiming their weapons at any Palestinian who dared to defy the Israeli occupier in any way. That proved that the elections proposed by Israel were intended merely to substitute the form for the substance of democracy.

45. Since the Israeli election plan was deadlocked, his delegation considered that the time had come for all interested parties to prepare to hold an international peace

conference on the Middle East, in accordance with the relevant resolutions of the General Assembly. The Palestinians were not afraid of peace and they wished to make it known that they were ready to negotiate with Israel.

46. However, Israel had so far always denied the Palestinian people any possibility of economic and social development. The Observer for Israel had stated that the implementation of development projects would be authorized as soon as the Palestinian uprising ceased but, well before the beginning of the uprising, Israel had already impeded the execution of economic development projects. For example, through failure to obtain the necessary authorization from Israel, it had been impossible to implement the projects referred to in General Assembly resolution 39/223 of 18 December 1984, which had been in no way political, involving only the establishment of a seaport in the Gaza Strip and the creation of a cement factory and a citrus processing plant.

47. His delegation opposed the shedding of a single further drop of blood in the Israel-Arab conflict. If Israel wanted peace, at both the economic and political levels, it would negotiate with Israel. Israel must, however, be prepared to take up the challenge. With regard to the funds which the PLO received from Arab countries, he pointed out that they represented only a very small amount in comparison with the $4 billion which Israel received annually from the United States. If the United States were to suspend its financial assistance to Israel for a period of six months, it could certainly induce Israel to engage in peace negotiations. Instead, the United States was exhorting the Palestinians to be patient. It even went so far as to request them to consider accepting the new Shamir Plan, with all its conditions.

48. No country should deny the Palestinians the right to the independence process which it itself had followed. In July, the United States had celebrated the anniversary of its independence and France had just celebrated the bicentenary of its revolution. Those two countries had fought for their independence, just as the Palestinians were now fighting to liberate their country and to be able to celebrate, one day, the anniversary of their revolution and their independence day.

49. Namibia's forthcoming accession to independence was welcome. If a proposal had been made to the Palestinian people to hold, in Palestine, Namibia-style elections under the supervision of the United Nations, his delegation and the PLO in general would have accepted the proposal.

50. Mr. MOTTAGHI-NEJHAD (Islamic Republic of Iran) hailed the courage of the Palestinian nation and paid tribute to the memory of the martyrs of the glorious uprising of the Palestinian people.

51. The Palestinian problem had its origin in the illegal occupation of the land of Palestine through an artificial process of immigration and distortion of the principles of international law—in other words, in a plot to undermine the growing influence of Islam through the illegal installation of the Zionist régime in the strategic region of the Middle East. Serious consequences had resulted for the political, social and economic security of Palestine and of the region as a whole. The persistent and progressive worsening of that tragic situation over the past four decades had finally led to the *intifada*, the heroic uprising of the Palestinian Muslim population of the occupied territories.

52. The Islamic Republic of Iran still believed that the Palestine problem could be solved only through an intensification of the struggle waged by the Muslim people of Palestine against the Zionist occupier and it would therefore continue to provide vigorous support for the struggle. It also considered that any political manoeuvre designed to induce the Palestinian people to compromise was contrary to the interests and security of the Islamic nation as a whole and of the Palestinian people in particular. Palestine belonged to the Palestinians. Until such time as the Palestinians had realized their legitimate aspirations to self-determination and full sovereignty over the whole of their territory, the problem would remain unsolved and the struggle would therefore have to continue.

53. Accordingly, his delegation felt that the realization of those aspirations should constitute the objective of any effort made to help the Palestinian people at the international level, both politically and economically. In its view, therefore, the scope of the Council's work must not be restricted and it should not apply, in such context, to only part of Palestine and only part of the Palestinian people. His delegation fully supported the measures taken by the United Nations system to lend assistance to a portion of the Palestinians living under the occupation régime. However, it deplored the fact that most of the measures adopted had proved ineffective because of the restrictions imposed by the Zionist occupier and the lack of co-operation by States which continued blindly to support the occupation régime. Even if they had been fully implemented, moreover, the measures would have relieved the sufferings of the population of the occupied Palestinian territories and the Syrian Arab Golan only to a very small extent. To be really effective, United Nations measures must also be extended to other Palestinians living under the occupation régime and, above all, they must help the Palestinians to exercise effective control over their economic and natural resources, their development, and their trade with the outside world.

54. Mr. MILLO (Observer for Israel), speaking in exercise of the right of reply, said that the observer for Lebanon should have learned from the press that southern Lebanon had become the safest area in the country for the thousands of Lebanese who, fleeing from the hell of Beirut, had found refuge there.

The meeting rose at 5.45 p.m.

33rd meeting

Friday, 21 July 1989, at 10.20 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR. 33

AGENDA ITEM 5

Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories (*continued*)

1. Mr. HASSAN (Sudan), introducing the draft resolution entitled "Israeli economic practices in the occupied Palestinian and other Arab territories" (E/1989/L.38), observed that Bangladesh, Czechoslovakia and the Islamic Republic of Iran had decided to join the sponsors. He pointed out that the sponsors were drawn from a wide diversity of countries both geographically and politically. The reports before the Council on Israeli practices in the occupied Palestinian and other Arab territories (E/1989/82 and E/1989/118) were far from presenting a complete picture primarily because they were restricted to financial and trade practices. But the reports also failed to make explicit value judgements—a shortcoming for which he did not wish to censure the Secretariat, who worked under constraints known to all. What was said about Israeli practices in the reports was open to the familiar "yes—but" objection. For example, paragraph 14 of the report relating to the occupied Syrian Arab Golan (E/1989/118, annex) spoke of a swiftly evolving conversion from a subsistence to a market-oriented economy, and paragraph 15 to a flooding of local markets by goods from Israel, followed by a counterflow of agricultural goods into Israel. It was left to readers to draw the proper conclusions by reference to what was said in paragraph 16, from which it emerged that exports from the occupied area consisted entirely of fruit, and to the table following paragraph 15, which showed that, of 125 shops in the Golan Heights, 93 were grocery shops and only 2 bookstores—and that in an area with a long and distinguished history in all branches of science. The same considerations applied to the other occupied territories.

2. The draft resolution sought to complete the picture and to throw full light upon the nature of Israeli practices. It was obviously impossible to speak of financial and trading practices bearing upon agriculture without taking into account what was being done with the land and water resources of the occupied territories. The news media constantly reported such measures as the confiscation of land, the forcible evacuation of centuries-old villages, and the manipulation of water resources in favour of Israeli settlements, particularly in the Golan and South Lebanon occupied territories. Those were premeditated, racist policies, which categorized people into strata in a way that completely contravened the basic principles of human rights and the Charter of the United Nations. The sponsors of the draft resolution considered that the most expeditious and effective way of ensuring that such policies and practices were brought to the attention of educated opinion in the international community was to commission a comprehensive report by two experts, as was proposed in operative paragraph 2.

3. On behalf of the sponsors, he expressed the hope that the Council would adopt the draft resolution unanimously.

AGENDA ITEM 7

Development and international economic co-operation (*continued**):

(*f*) Environment: convening of a United Nations conference on environment and development (*continued**)

4. Mr. TAI (Observer for Malaysia), speaking on behalf of the Group of 77, introduced the draft resolution entitled "Question of the convening of a United Nations conference on environment and development" (E/1989/L.36). He commended it to the Council's consideration.

5. Mr. STOBY (Secretary of the Council) pointed out that an asterisk should be attached to the names of the delegations of Sweden and Switzerland in the list of sponsors of the draft resolution.

6. The PRESIDENT announced that the Federal Republic of Germany and New Zealand had indicated that they wished to join the sponsors.

The meeting rose at 10.50 a.m.

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* Resumed from the 28th meeting.

34th meeting

Monday, 24 July 1989, at 10.25 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.34

AGENDA ITEM 1

Adoption of the agenda and other organizational matters (*concluded*[*])

1. The PRESIDENT invited the Council to consider the draft decision entitled "Participation of intergovernmental organizations in the work of the Economic and Social Council" (E/1989/L.37). If he heard no objection, he would take it that the Council wished to adopt the draft decision.

It was so decided (decision 1989/165).

AGENDA ITEM 3

Special session of the General Assembly devoted to international economic co-operation, in particular to the revitalization of economic growth and development of the developing countries (*concluded*[**])

2. The PRESIDENT proposed that the Council should adopt a draft decision reading:

> "The Economic and Social Council takes note of the report presented at its 30th meeting, on 14 July 1989, by the Chairman of the Preparatory Committee of the Whole for the Special Session of the General Assembly devoted to International Economic Co-operation, in particular to the Revitalization of Economic Growth and Development of the Developing Countries."

It was so decided (decision 1989/166).

3. The PRESIDENT announced that the Council had concluded its consideration of agenda item 3.

AGENDA ITEM 4

Revitalization of the Economic and Social Council (*continued*[***])

4. Mr. RASTAM (Observer for Malaysia) introduced draft resolution E/1989/L.39 on behalf of the Group of 77. The text was the outcome of long consideration by the members of the Group, who had noted that not all the provisions and proposals embodied in the annex to General Assembly decision 43/432 had been fully implemented. In view of the Group's careful deliberations in the preparation of the text, he hoped its contents would be considered favourably by the Council with a view to its adoption by consensus.

5. Mr. LEMERLE (France) introduced draft resolution E/1989/L.40 on behalf of the members of the EEC. The draft resolution reflected policy themes on which the members of the Community had spoken many times. It also took into account the views expressed by the Community's partners and the activities of the various relevant bodies of the United Nations system.

6. The sponsors believed the draft was a practical but not revolutionary contribution to the improvement of the Council's work and hoped that discussions on that draft and the Group of 77's draft (E/1989/L.39) would result in the adoption of a text that would enhance the Council's role and effectiveness.

The meeting rose at 10.40 a.m.

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[*] Resumed from the 21st meeting.

[**] Resumed from the 30th meeting.

[***] Resumed from the 31st meeting.

35th meeting

Wednesday, 26 July 1989, at 3.40 p.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.35

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*continued**)

1. Mr. PAOLILLO (Uruguay), speaking in his capacity as Vice-President of the Council, summed up the informal consultations held under his guidance on draft resolution E/1989/L.31, presented at the 32nd meeting. He pointed out that the proposed amendments to that draft resolution had been incorporated in draft resolution E/1989/L.41, which had been approved without comment by the participants in the informal consultations. It had also been agreed to amend the beginning of the second preambular paragraph, which now read: "*Emphasizing* the role of the United Nations and the common interest in strengthening international co-operation in the economic and social fields for the purpose of . . .".

Draft resolution E/1989/L.41, as orally amended, was adopted (resolution 1989/85).

2. The PRESIDENT announced that, in view of the adoption of draft resolution E/1989/L.41, draft resolution E/1989/L.31 was withdrawn by its sponsor

3. Mr. PAOLILLO (Uruguay), speaking in his capacity as Vice-President of the Council, informed the Council of the results of the informal consultations held under his guidance on draft resolution E/1989/L.33, presented at the 32nd meeting. He pointed out that the observations made and the amendments proposed in the course of the consultations had been incorporated in the text of draft resolution E/1989/L.43, which had been approved without comment by the participants in the informal consultations.

4. The PRESIDENT said it was his understanding that consultations were continuing on draft resolution E/1989/L.43. In the circumstances, he suggested that the Council should postpone action on the draft resolution.

It was so decided.

AGENDA ITEM 5

Permanent sovereignty over national resources in the occupied Palestinian and other Arab territories (*concluded***)

5. Mr. PAOLILLO (Uruguay), speaking in his capacity as Vice-President of the Council, informed the Council of the results of the informal consultations held under his guidance on draft resolution E/1989/L.38, presented at the 33rd meeting. Only one amendment to the draft resolution had been proposed, which had called for the deletion of certain terms. The amendment had been accepted by the sponsors. After a brief discussion, draft resolution E/1989/L.38/Rev.1, which incorporated the amendment in question, had been approved without comment by the participants in the informal consultations.

6. Mr. MORET ECHEVARRÍA (Cuba) said that his delegation wished to be added to the list of sponsors of draft resolution E/1989/L.38/Rev.1.

At the request of one delegation, a vote was taken by roll-call on draft resolution E/1989/L.38/Rev.1.

Tunisia, having been drawn by lot by the President, was called upon to vote first.

In favour: Bolivia, Brazil, Bulgaria, Cameroon, Canada, China, Colombia, Cuba, Czechoslovakia, Denmark, France, Germany, Federal Republic of, Ghana, Greece, Guinea, India, Indonesia, Iran, Islamic Republic of, Iraq, Ireland, Italy, Japan, Jordan, Kenya, Libyan Arab Jamahiriya, Netherlands, New Zealand, Nicaragua, Niger, Norway, Poland, Portugal, Rwanda, Saudi Arabia, Somalia, Sri Lanka, Sudan, Thailand, Trinidad and Tobago, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, Uruguay, Venezuela, Yugoslavia, Zaire, Zambia.

Against: United States of America.

Abstaining: None.

Draft resolution E/1989/L.38/Rev.1 was adopted by 48 votes to 1 (resolution 1989/86).

7. Mr. GLAIEL (Observer for the Syrian Arab Republic) said that the result of the vote on draft resolution E/1989/L.38/Rev.1 showed the importance that was

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* Resumed from the 32nd meeting.

** Resumed from the 33rd meeting.

attached to the question of permanent sovereignty over national resources in the occupied Palestinian and other Arab territories. As the representative of one of the countries directly involved in the issue, he thanked all those delegations which had voted in favour of the draft resolution and urged the delegation of the United States to modify its present position, which could only encourage the practices of the occupation authorities. His delegation attached great value to the submission of the report requested in the resolution and therefore hoped that the United Nations departments responsible for studying the matter would prepare the report promptly so that it could be submitted to the General Assembly on time.

8. The PRESIDENT announced that the Council had concluded its consideration of agenda item 5.

AGENDA ITEM 7

Development and international economic co-operation (*continued****):

(*f*) Environment: convening of a United Nations conference on environment and development (*continued****)

9. Mr. PAOLILLO (Uruguay), speaking in his capacity as Vice-President of the Council, said that draft resolution E/1989/L.36, which had been presented at the 33rd meeting, had been approved without comment at the end of the informal consultations which had been held under his guidance.

10. Mr. LEMERLE (France), speaking on behalf of the EEC and its member States, welcomed the fact that draft resolution E/1989/L.36 had been proposed to the Council for adoption by consensus. The States members of the Community considered that decision 15/3 of the UNEP Governing Council constituted a sound basis for future discussions in the General Assembly concerning the United Nations conference on environment and development.

Draft resolution E/1989/L.36 was adopted (resolution 1989/87).

11. Mr. PAYTON (New Zealand) said that his delegation, which had sponsored draft resolution E/1989/L.36, reserved the right to make known, through the appropriate channels, its position concerning that text, since, under rule 62 of the Council's rules of procedure, it could not explain its vote on a proposal which it sponsored.

12. Mr. KOHONA (Observer for Australia), while welcoming the consensus that had emerged on draft resolution E/1989/L.36, informed the Council of his concern regarding its wording. His delegation considered that decision 15/3 of the UNEP Governing Council represented the best possible compromise on the issues affecting the convening of a conference on environment and development. Accordingly, it would have preferred it if the Council, in its own decision, had firmly supported the UNEP decision and had requested the General Assembly to take action to give effect to it. His delegation would therefore continue to work to promote the attainment of the specific objectives set forth in decision 15/3 of the UNEP Governing Council, within the framework of the discussions on the matter at the forty-fourth session of the General Assembly.

13. Mr. NOGUEIRA BATISTA (Brazil) said it was clear from the text of General Assembly resolution 43/196 that the UNEP Governing Council and the Economic and Social Council were both called upon to express their views on the convening of a United Nations conference on environment and development. It therefore seemed to him quite appropriate that the Economic and Social Council should take its own decision on the subject. He did not see what grounds there were for some delegations to affirm that UNEP decision 15/3 must constitute the only basis for the General Assembly's consideration of the matter at its forty-fourth session.

(*a*) Trade and development

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

14. The PRESIDENT invited the Council to consider the draft decision entitled "Report of the Trade and Development Board", which appeared in paragraph 6 of the report (E/1989/136).

The draft decision was adopted (decision 1989/167).

(*b*) Food and agriculture

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

15. The PRESIDENT invited the Council to consider the draft resolution entitled "Food and Agriculture", which appeared in paragraph 7 of the report (E/1989/137).

The draft resolution was adopted (resolution 1989/88).

16. Mr. WALKER (New Zealand), speaking also on behalf of the delegation of Australia, said that both delegations had joined in the consensus on the adoption of the draft resolution, but they wished to make a few comments on certain passages in it. The text adopted largely reproduced the wording of General Assembly resolution 43/191, which had been adopted by consensus on 20 December 1988; however, if the second preambular paragraph of the Council's resolution was compared with paragraph 8 of resolution A/43/191, to which it corresponded, it would be found that the text had been modified. The delegations which had proposed the amendments in question had sought to justify them on the ground that the world had changed; it would be interesting to know in what way it had changed, in six months, in order to justify describing tensions concerning trade in agricultural markets as "serious" rather than "very serious". If agricultural support in the OECD countries had been "very serious" ($300 billion per year) one year previously, some might, perhaps, think that it was only

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*** *Idem*

"serious" at present ($270 billion), but that was not the view of Australia and New Zealand. Furthermore, the ministers of the OECD countries meeting in Paris in June had acknowledged that the situation was serious.

17. It was true that the world market situation had improved somewhat over the past months and, in certain cases, the measures taken had certainly contributed to that improvement; it would therefore be unfortunate to reverse them. Nevertheless, it would be wrong to think that the fundamentals underlying the situation had really changed, since climatic conditions had played a decisive role in recent trends on the world market, and it was imperative for a liberalization of world trade in agricultural products to be achieved in the Uruguay Round of multilateral trade negotiations. Many problems had to be solved in the Uruguay Round, but the essential point remained that much trade in agricultural products was subject to measures which considerably limited or totally prevented market access and, in the case of many products, such trade was being conducted on an unfair basis.

18. Paragraph 7 of the draft resolution just adopted recognized that situation: the Uruguay Round offered a unique opportunity to reform world trade in agricultural products. The Contracting Parties to the General Agreement on Tariffs and Trade had undertaken to negotiate, by December 1990, the establishment of a system whereby the strengthened and operationally more effective rules of GATT would be applied to agriculture. When such a system was in place, it would be in the interest of all countries participating in it. Adjustments would of course be essential, and they would be more severe the more a country's domestic agriculture had been distorted from world market reality, either through the granting of subsidies encouraging overproduction, or because of artificially adverse intersectoral terms of trade which penalized domestic agriculture. The adjustment process, in which development objectives must not be lost sight of, would enable all to reap the long-term benefits which a liberalization of trade in agricultural products would bring.

(*c*) Preparation of the international development strategy for the fourth United Nations development decade

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

19. The PRESIDENT invited the Council to consider draft decision I, entitled "Report of the Administrative Committee on Co-ordination Task Force on Long-term Development Objectives on its seventeenth session", and draft decision II, entitled "Oral report of the Chairman of the Ad Hoc Committee of the Whole for the Preparation of the International Development Strategy for the Fourth United Nations Development Decade on the work of the Committe", which appear in paragraph 6 of the report (E/1989/138).

Draft decisions I and II were adopted (decisions 1989/168 and 1989/169).

(*d*) Population

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

20. The PRESIDENT said that the First (Economic) Committee recommended to the Council for adoption six draft resolutions and a draft decision (draft decision I) which appeared in chapter I of the Population Commission's report on its twenty-fifth session (E/1989/24), as well as a draft decision (draft decision II) which appeared in paragraph 17 of the report of the First (Economic) Committee (E/1989/139).

Draft resolution I, entitled "Population situation in the least developed countries", and draft resolution II, entitled "Incorporating population factors in the international development strategy for the fourth United Nations development decade"

Draft resolutions I and II were adopted (resolutions 1989/89 and 1989/90).

Draft resolution III, entitled "Convening of an international meeting on population in 1994"

21. Mrs. WESTPHALEN (Observer for Finland), speaking on behalf of the Nordic countries, stressed the importance they attached to population issues, which were inseparable from poverty, environmental degradation and economic growth. Population was one of the major problems facing the international community and should be taken into account during the preparations for the forthcoming special session of the General Assembly, the formulation of the international development strategy for the fourth United Nations decade for development, the Second United Nations Conference on the Least Developed Countries, and the United Nations conference on environment and development to be held in 1992.

22. The Nordic countries had already informed the Council of their position on the convening of an international meeting on population and they regretted that the preparations for the meeting, scheduled for 1994, were being initiated without prior consultations at the political level among governments. The Council should give expression to the decisions taken by its subsidiary organs and co-ordinate activities in the economic and social fields in such a way as to ensure that those activities really were in keeping with the overall priorities of the United Nations system.

Draft resolution III was adopted (resolution 1989/91).

23. Mr. MARTIN (United Kingdom) said that he had joined in the consensus on draft resolution III but he wished to make it clear that, in his opinion, an international meeting on population would be useful only if the international community agreed on the objectives of such a meeting. The 1974 conference at Bucharest and the 1984 conference at Mexico City had greatly contributed to an awareness of the problems which accompanied population growth. It was, however, extremely doubtful that another conference was necessary if its sole purpose was to strengthen even further that awareness,

which was now very real. Everyone was aware of how expensive it was to organize such international conferences and he hoped that all Member States would give due consideration to that aspect in the coming months, carefully weighing the specific benefits that could be derived from the conference envisaged.

Draft resolution IV, entitled "Strengthening actions concerned with the fulfilment of the World Population Plan of Action", draft resolution V, entitled "Work programme in the field of population" and draft resolution VI, entitled "United Nations support for African countries in the field of population"

Draft resolutions IV, V and VI were adopted (resolutions 1989/92, 1989/93 and 1989/94).

Draft decision I, entitled "Provisional agenda and documentation for the twenty-sixth session of the Population Commission"

Draft decision I was adopted (decision 1989/170).

24. The PRESIDENT invited the Council to consider draft decision II, entitled "Reports considered by the Economic and Social Council in connection with the question of population".

Draft decision II was adopted (decision 1989/171).

(*e*) Human settlements

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

25. The PRESIDENT invited the Council to consider the draft decision entitled "Documentation considered by the Economic and Social Council in connection with the question of human settlements", which appeared in paragraph 23 of the report (E/1989/139).

The draft decision was adopted (decision 1989/172).

AGENDA ITEM 10

Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

26. The PRESIDENT invited the Council to consider draft resolution I, entitled "Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations", which appeared in paragraph 15 of the report (E/1989/130).

At the request of one delegation, a vote was taken by roll-call on draft resolution I.

Sudan, having been drawn by lot by the President, was called upon to vote first.

In favour: Bahamas, Bolivia, Brazil, Bulgaria, Cameroon, Canada, China, Colombia, Cuba, Czechoslovakia, Ghana, Guinea, India, Indonesia, Iran, Islamic Republic of, Iraq, Jordan, Kenya, Libyan Arab Jamahiriya, New Zealand, Nicaragua, Niger, Norway, Poland, Rwanda, Saudi Arabia, Somalia, Sri Lanka, Sudan, Thailand, Trinidad and Tobago, Tunisia, Ukrainian Soviet Socialist Republic, Union of Soviet Socialist Republics, Venezuela, Yugoslavia, Zaire, Zambia.

Against: United States of America.

Abstaining: Denmark, France, Germany, Federal Republic of, Greece, Ireland, Italy, Japan, Netherlands, Portugal, United Kingdom of Great Britain and Northern Ireland.

Draft resolution I was adopted by 38 votes to 1, with 10 abstentions (resolution 1989/95).

27. Mr. CAHILL (United States of America), speaking in explanation of vote, said that his Government strongly supported the right of all peoples, and of the Namibian people in particular, to self-determination. He welcomed the fact that it had been possible, after many years of negotiation, to solve the problem posed by the situation in Namibia, and he looked forward to Namibia joining the other members of the family of nations in 1990.

28. Nevertheless, the United States was opposed to, and would continue to be opposed to, the provision of assistance to certain "national liberation movements" by the specialized agencies and other bodies associated with the United Nations. The United Nations should not favour any group, and United Nations institutions should not, for political reasons, accord special treatment to certain organizations.

29. The Government of the United States did not recognize SWAPO as being the only genuine representative of the Namibian people. It was for the Namibian people to decide that question during the elections which were soon to be held. He reminded the Council that SWAPO had voluntarily renounced the privileges it had enjoyed at the United Nations and that the United Nations must stop providing it with financial assistance.

30. The appeal in the resolution just adopted to increase assistance to Namibia and to the national liberation movements concerned violated the United Nations obligation to be absolutely impartial during the transition to independence.

31. His Government considered that the adoption of mandatory sanctions against South Africa would damage the interests of the oppressed South African populations and would strike a fatal blow at the economy of the region and at the front-line States.

32. Mrs. PACHECO (Uruguay) said that, had she been present during the vote, she would have voted in favour of draft resolution I.

33. The PRESIDENT invited the Council to consider draft resolution II, entitled "Assistance to the Palestinian people", which appeared in paragraph 15 of the report (E/1989/130).

34. Mr. JAFAR (Saudi Arabia) requested that his delegation be added to the list of sponsors of draft resolution II.

Draft resolution II was adopted by 48 votes to 1 (resolution 1989/96).

35. Mr. CAHILL (United States of America), speaking in explanation of vote, said that his Government firmly supported assistance to the Palestinian people. The United States furnished aid to the West Bank and the Gaza Strip through private voluntary agencies and UNRWA. Over the period 1975-1989, the total amount of aid furnished to the Palestinian people by the United States had amounted to $120 million. His Government did not believe, however, that United Nations organizations should channel funds destined for the Palestinian people through the PLO. The content of the documents relating to assistance to the Palestinian people was generally good, but his delegation, when reference was made in them to the PLO, was obliged to vote against.

36. The draft resolution just adopted criticized Israel too severely and did not help in any way to improve the situation in the occupied territories. He was opposed to the discussion of political issues in the Council, which was an economic body. Such politicization of debates hampered the Council's work and prevented it from making a constructive study of major economic questions.

37. He had listened attentively, in the Third (Programme and Co-ordination) Committee, to the statements made by the Observer for Palestine, and he had been interested to hear him say, among other things, that the United States should send to a new destination the $4 billion in aid which it was said to be currently paying.

38. His delegation had been criticized for having a tendency to vote against the Palestinian people. That was quite untrue. His Government sincerely wished to assist the Palestinian people and was merely challenging the manner in which aid was being channelled.

39. Mr. ZIADA (Iraq) said that his delegation had voted in favour of the draft resolution without the slightest difficulty. It was astonished to note that a country which, by the way it had voted some 40 years ago, was at the very root of the serious difficulties now facing the Palestinian people, should refuse to pay, in order to assist the Palestinian people, what was after all only a very small sum in comparison with the billions of dollars which the design and construction of a bomber, for example, cost. Also, certain others stated that they could not vote in favour of such a resolution because it introduced politics into the Council. Nevertheless, the same delegations had not hesitated, barely three weeks previously, to make in the Council many insinuations and accusations of a purely political nature against a large country in Asia. He very much hoped that the same delegations which had then brandished aloft the banner of human rights would be so kind as to protect a little more firmly the same human rights for the benefit of the Palestinian people and would agree to assist it in its struggle for self-determination and independence.

40. Mr. ABU KOASH (Observer for Palestine) said that he wished to point out to the representative of the United States that during the past 14 years that country had provided the Palestinian people with only $10 million in aid per year, on average, as against $4 billion per year to Israel, collected from United States taxpayers. He also wished to make it clear in the Council, whose jurisdiction was, as had just been pointed out, economic, that his delegation was quite ready to start direct economic and political negotiations with Israel. The Palestinian people was merely claiming the possibility of exercising its right to self-determination and, for that purpose, it was willing to accept the organization of genuine free elections. In its desire for freedom and independence, the Palestinian people did not need the United States, which had just voted against a purely economic draft resolution, to provide it with charity to the value of $10 million.

41. The PRESIDENT invited the Council to consider the draft decision entitled "Report of the Secretary-General on assistance to the Palestinian People", which appeared in paragraph 16 of the report (E/1989/130).

The draft decision was adopted (decision 1989/173).

42. The PRESIDENT announced that the Council had concluded its consideration of agenda item 10.

AGENDA ITEM 11

Programme and related questions:

(*a*) Proposed programme budget for the biennium 1990-1991

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

43. The PRESIDENT invited the Council to consider the draft resolution entitled "Programme questions", which appeared in paragraph 11 of the report (E/1989/134).

The draft resolution was adopted (resolution 1989/97).

(*b*) Calendar of conferences and meetings for 1990 and 1991

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

44. The PRESIDENT suggested that the Council should not take a decision on draft decision I entitled

"Calendar of conferences and meetings for 1990 and 1991", which appeared in paragraph 12 of the report (E/1989/134), until the last plenary meeting of the session, when it would have considered all the proposals still pending. That would give it the possibility of recasting the draft decision if necessary.

It was so decided.

45. The PRESIDENT invited the Council to consider draft decision II, entitled "Summary records of sessional committees and subsidiary bodies of the Economic and Social Council", which appeared in paragraph 12 of the report (E/1989/134).

Draft decision II was adopted (decision 1989/174).

AGENDA ITEM 12

Co-operation for natural disaster reduction

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

46. The PRESIDENT pointed out that in paragraph 5 of the report (E/1989/132), the words "speaking also on behalf of the Observer for Mauritania" should be added after the word "Tunisia".

47. The PRESIDENT invited the Council to consider draft resolution I, entitled "International strategy for the fight against locust and grasshopper infestation, particularly in Africa", and draft resolution II, entitled "International Decade for Natural Disaster Reduction", which appeared in paragraph 16 of the report (E/1989/132).

Draft resolutions I and II were adopted (resolutions 1989/98 and 1989/99).

48. The PRESIDENT announced that the Council had concluded its consideration of agenda item 12.

AGENDA ITEM 13

Special economic and humanitarian assistance (*concluded*[****])

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

49. The PRESIDENT invited the Council to consider the draft resolution entitled "Assistance for the reconstruction and development of Lebanon", which appeared in paragraph 11 of the report (E/1989/131).

The draft resolution was adopted (resolution 1989/100).

50. The PRESIDENT invited the Council to consider draft decision I, entitled "Nutrition in times of disaster", which appeared in paragraph 12 of the report (E/1989/131).

Draft decision I was adopted (decision 1989/175).

51. The PRESIDENT suggested that at the beginning of draft decision II, entitled "Oral reports relating to special economic and humanitarian assistance", which appeared in paragraph 12 of the report (E/1989/131), the Council should add an initial paragraph reading as follows:

> "The Economic and Social Council takes note of the oral report on assistance to Mozambique made by the representative of the Under-Secretary-General for Special Political Questions, Regional Co-operation, Decolonization and Trusteeship at the Council's 27th plenary meeting, on 12 July 1989".

It was so decided.

Draft decision II, as amended, was adopted (decision 1989/176).

52. The PRESIDENT announced that the Council had concluded its consideration of agenda item 13.

The meeting rose at 5.05 p.m.

[****] Resumed from the 27th meeting

36th meeting

Thursday, 27 July 1989, at 3.20 p.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.36

AGENDA ITEM 7

Development and international economic co-operation (*concluded*)

(*f*) Environment (*concluded*)

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

1. The PRESIDENT pointed out that the document symbol and brackets at the end of paragraph 1 (*a*) of the report (E/1989/140) should be deleted.

2. He invited the Council to consider the draft resolution entitled "Strengthening international co-operation on the environment: provision of additional financial resources to developing countries", which appeared in paragraph 12 of the report (E/1989/140).

The draft resolution was adopted (resolution 1989/101).

3. The PRESIDENT invited the Council to consider the draft decision entitled "Documents considered by the Economic and Social Council in connection with the question of the environment", which appeared in paragraph 13 of the report (E/1989/140). He pointed out that the report of the Governing Council of UNEP on its fifteenth session had been issued after the First Committee's consideration of item 7 (*f*). He suggested that a new subparagraph should be added at the end of the draft decision indicating that the Council also took note of that report.

It was so decided.

4. Mr. STOBY (Secretary of the Council) reminded members that it was the established practice of the Council to take note only of reports before it and not of letters from Member States; he therefore suggested that subparagraphs (*b*), (*d*) and (*e*) should be deleted from the draft decision.

It was so decided.

The draft decision, as amended, was adopted (decision 1989/177).

(*g*) Desertification and drought

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

5. The PRESIDENT invited the Council to consider draft resolution I, entitled "Plan of action to combat desertification", which appeared in paragraph 24 of the report (E/1989/140).

Draft resolution I was adopted (resolution 1989/102).

6. Mr. EL SHEIKH (Sudan) informed the Council that his delegation wished to be added to the sponsors of the draft resolution which the Council had just adopted.

7. The PRESIDENT invited the Council to consider draft resolution II, entitled "Countries stricken by desertification and drought in Africa", which appeared in paragraph 24 of the report (E/1989/140).

Draft resolution II was adopted (resolution 1989/103).

(*h*) Transport of dangerous goods

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

8. The PRESIDENT invited the Council to consider the draft resolution entitled "Work of the Committee of Experts on the Transport of Dangerous Goods", which appeared in paragraph 34 of the report (E/1989/140).

The draft resolution was adopted (resolution 1989/104).

9. The PRESIDENT invited the Council to consider the draft decision entitled "Report of the Secretary-General on the work of the Committee of Experts on the Transport of Dangerous Goods", which appeared in paragraph 35 of the report (E/1989/140).

The draft decision was adopted.

(*i*) Effective mobilization and integration of women in development

REPORT OF THE FIRST (ECONOMIC) COMMITTEE

10. The PRESIDENT invited the Council to consider draft resolution I, entitled "System-wide co-ordination of activities to advance the status of women and to integrate women in development", which appeared in paragraph 12 of the report (E/1989/141).

Draft resolution I was adopted (resolution 1989/105).

11. The PRESIDENT invited the Council to consider draft resolution II, entitled "Effective mobilization and integration of women in development", which appeared in paragraph 12 of the report (E/1989/141).

12. Mr. STOBY (Secretary of the Council) pointed out that in operative paragraph 5 of draft resolution II, the

words "women and development and" at the end of the third line should be corrected to read "women in development and".

Draft resolution II was adopted (resolution 1989/106).

13. The PRESIDENT invited the Council to consider the draft decision entitled "Reports considered by the Economic and Social Council in connection with the question of the effective mobilization and integration of women in development", which appeared in paragraph 13 of the report (E/1989/141).

The draft decision was adopted (decision 1989/178).

14. The PRESIDENT announced that the Council had concluded its consideration of agenda item 7.

AGENDA ITEM 9

Co-ordination questions

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE

15 The PRESIDENT invited the Council to consider draft resolution I, entitled "World Decade for Cultural Development", draft resolution II, entitled "Prevention and Control of Acquired Immuno-deficiency Syndrome (AIDS)", and draft resolution III, entitled "Report of the Committee for Programme and Co-ordination", which appear in paragraph 21 of the report (E/1989/133).

Draft resolutions I, II and III were adopted (resolutions 1989/107, 1989/108 and 1989/109).

16. The PRESIDENT invited the Council to consider draft decision I, entitled "Co-operation in the field of informatics", which appeared in paragraph 22 of the report (E/1989/133).

17. Mr. STOBY (Secretary of the Council) noted that, pursuant to paragraph 2 of draft decision I, the Council would be called upon to consider, at its organizational session for 1990, the inclusion in its programme of work for 1990 of a "separate item" on international co-operation in the field of informatics. Since the Council was trying to rationalize its activities and to reduce, as far as possible, the number of items to be included in its programme of work, it ought perhaps, in order to provide for the necessary flexibility when it took its decision on making co-operation in the field of informatics a separate item, a subitem or merely a question to be dealt with under an item or subitem, to replace the words "a separate item on international co-operation" by the words "the question of international co-operation".

18. Mr. FRAZÃO (Brazil) welcomed the suggestion of the Council's Secretariat, since several United Nations bodies and agencies were already doing very advanced work in the field of informatics.

19. Mr. LICHTINGER (Observer for Mexico) said that he would prefer the new text to read ". . . the inclusion . . . of the question of international co-operation . . .".

20. Mr. SHAPOVALOV (Union of Soviet Socialist Republics) said that he did not see why some delegations wanted to reconsider the text approved by the Third (Programme and Co-ordination) Committee. In the opinion of his delegation, the text should be left unchanged.

21. Mr. HARRISON (United Kingdom) observed that in any case, the Council did not have to commit itself yet since, pursuant to paragraph 2 of the draft decision, it would not take a decision on whether to include an item on, or the question of, informatics in its work programme until its organizational session for 1990. As to the substance of the matter, he could agree to any of the formulations proposed.

22. Mr. EL GHOUAYEL (Tunisia) said that the sponsors of the draft decision should have an opportunity to hold consultations and requested that the meeting be suspended for that purpose.

23. Mr. STOBY (Secretary of the Council) said that he would not press his suggestion. He had merely wished to remind the Council that when it took a decision it would doubtless have to take account of the need to rationalize its work to the fullest possible extent.

Draft decision I was adopted without amendment (decision 1989/179).

24. The PRESIDENT invited the Council to consider draft decision II, entitled "Reports considered by the Economic and Social Council in connection with coordination questions", which appeared in paragraph 22 of the report (E/1989/1).

25. Mr. ALGAN (Observer for Turkey) noted that subparagraphs (*d*) and (*e*) of draft decision II concerned a report of the Secretary-General on economic and technical aspects of marine affairs (E/1989/110) and a report of the Intergovernmental Oceanographic Commission of UNESCO on marine research and ocean services (E/1989/111, annex), both of which referred to the Convention on the Law of the Sea. Turkey had not signed the Convention and its position on the matter was set forth in the summary records of the United Nations Conference on the Law of the Sea and had also been made known in the appropriate international forums. It therefore reserved its position on draft decision II and on the reports mentioned, since they were incompatible with its position on the Convention. No research, study, data collection or activity to be undertaken within the framework of draft decision II or the reports referred to should prejudice the work of delimiting maritime zones in areas where countries having common coastal frontiers had not yet reached agreement on the delimitation of their respective maritime zones. All activities provided for should take place solely in areas where the respective maritime zones were not in dispute.

Draft decision II was adopted (decision 1989/180).

26. The PRESIDENT announced that the Council had concluded its consideration of agenda item 9.

AGENDA ITEM 15

Elections and nominations (*concluded**)

(a) *Population Commission*

27. The PRESIDENT announced that the Secretariat had received the nomination of Panama for the vacancy to be filled by a country from the Group of Latin American and Caribbean States, for a four-year mandate as from 1 January 1990.

Panama was elected a member of the Population Commission by acclamation.

28. The PRESIDENT, noting that no other candidate had been nominated, suggested that the election to the seat still vacant in the Population Commission should be postponed until a later session.

It was so decided.

(b) *Commission on Transnational Corporations*

(c) *Committee on Natural Resources*

(d) *Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting*

29. The PRESIDENT announced that the Chairman of the Group of Latin American and Caribbean States had informed the secretariat of the candidacy of Peru for one of the two vacant seats in the Commission on Transnational Corporations, for a three-year mandate as from 1 January 1990.

Peru was elected a member of the Commission on Transnational Corporations by acclamation.

30. The PRESIDENT, noting that no other candidate had been nominated, suggested that the elections to the seats remaining vacant in the Commission on Transnational Corporations, the Committee on Natural Resources, and the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting should be postponed until a later session.

It was so decided.

31. The PRESIDENT announced that the Council had concluded its consideration of agenda item 15.

Explanations of vote:

32. Mr. AL-FARSI (Oman) stated that, if he had been able to attend the previous meeting, he would have voted in favour of the draft resolution entitled "Israeli economic practices in the occupied Palestinian and other Arab territories" (E/1989/L.38/Rev.1), draft resolution I, entitled "Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations" and draft resolution II, entitled "Assistance to the Palestinian people" submitted by the Third (Programme and Coordination Committee in its report (E/1989/130, para. 15).

33. Miss ZONICLE (Bahamas) stated that if, at the previous meeting, she had been able to participate in the roll-call vote on the draft resolution entitled "Israeli economic practices in the occupied Palestinian and other Arab territories" (E/1989/L.38/Rev.1), she would have voted in favour of it.

The meeting rose at 3.55 p.m

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* Resumed from the 19th meeting.

37th meeting

Friday, 28 July 1989, at 10.25 a.m.

President: Mr. Kjeld Vilhelm MORTENSEN (Denmark)

E/1989/SR.37

AGENDA ITEM 2

General discussion of international economic and social policy, including regional and sectoral developments (*concluded**)

1. Mr. PAOLILLO (Uruguay), Vice-President of the Council, recalled that he had submitted draft resolution E/1989/L.43, entitled "International economic co-operation towards common approaches to development", which was based on the informal consultations held on draft resolution E/1989/L.33, at the Council's 35th meeting. At that point some delegations had asked for more time to consider the matter. He hoped that draft resolution E/1989/L.43 could now be adopted by consensus.

Draft resolution E/1989/L.43 was adopted (resolution 1989/110).

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* Resumed from the 35th meeting.

2. The PRESIDENT said that, in the light of the adoption of draft resolution E/1989/L.43, if there was no objection he would take it that draft resolution E/1989/L.33 was withdrawn.

It was so decided.

3. Mr. PAOLILLO (Uruguay), Vice-President of the Council, explained that draft resolution E/1989/L.44, entitled "Strengthening of multilateral co-operation in international economic affairs", was the outcome of the informal negotiations held on draft resolution E/1989/L.30, submitted by Malaysia at the 32nd meeting on behalf of the Group of 77. The many amendments made to the latter were reflected in draft resolution E/1989/L.44, the text of which was acceptable to all members of the Council.

Draft resolution E/1989/L.44 was adopted (resolution 1989/111).

4. The PRESIDENT said that, in the light of the adoption of draft resolution E/1989/L.44, if there was no objection he would take it that draft resolution E/1989/L.30 was withdrawn.

It was so decided.

5. Mr. PAOLILLO (Uruguay), Vice-President of the Council, explained that draft resolution E/1989/L.45, entitled "Net transfer of resources from developing countries and its impact on their economic growth and development", was the outcome of the negotiations on draft resolution E/1989/L.29, submitted by Malaysia at the 32nd meeting on behalf of the Group of 77. The negotiations had been lengthy, and the text contained in document E/1989/L.45 appeared to have the support of all delegations that had participated in them.

6. Mr. CAHILL (United States of America) requested that a vote be taken on draft resolution E/1989/L.45, since his delegation wished to vote against it.

7. Mr. PAOLILLO (Uruguay), Vice-President of the Council, said that in view of what the previous speaker had said, draft resolution E/1989/L.45 could not be adopted by consensus. He therefore withdrew it.

8. Mr. VIK (Norway) said that the text in question represented a very reasonable compromise in a controversial area. His delegation therefore wished formally to reintroduce draft resolution E/1989/L.45.

9. The PRESIDENT invited the Council to vote on draft resolution E/1989/L.45, as reintroduced by Norway.

Draft resolution E/1989/L.45 was adopted by 47 votes to 1 (resolution 1989/112).

10. Mr. CAHILL (United States of America), speaking in explanation of vote, said that his delegation had been obliged to vote against the draft resolution for several reasons. First, it was unbalanced in that it placed complete responsibility for the development of developing countries on external factors. While external factors, including resource flows, were important, the key to a successful development strategy was appropriate domestic economic policies. They included policies to generate domestic savings, including the return of flight capital, as well as policies to ensure that scarce external resources were used effectively. Secondly, the draft resolution relied on the concept of net transfers as the sole measure of the adequacy of resource flows to developing countries. However, net transfer calculations did not take into account earnings derived from the use of borrowed funds, and negative transfers themselves indicated little about the country's growth prospects. Moreover, negative net transfers were not a global phenomenon among developing countries. For instance, net transfers to sub-Saharan Africa were positive. Negative net transfers were largely to be found among the major debtor countries.

11. Net transfers to a country would be positive if debt grew faster than the average rate of interest paid on it. It could not be inferred that a positive net transfer necessarily aided a debtor country or that a negative transfer hurt it. All the major Asian borrowers were net transferors, yet they continued to have high growth rates and rising international reserves. It was more important to assess the results of the financing and the future debt-servicing consequences. As a country progressed along the development path, it was expected that its ability to finance investments through domestic savings would increase and that net resource inflows would decline and even be reversed. There was no rationale for the argument that positive resource flows must continue forever. That would imply an unlimited exponential increase in a country's foreign debt.

12. Another element in the overall resource picture was capital flight, which diverted domestic savings away from domestic investment, reduced a country's tax base and hurt foreign inflows. The Morgan Bank conservatively estimated that Latin America had exported $120 billion in capital between 1974 and 1986, much of which had not yet been repatriated.

13. His Government took very seriously the development needs of developing countries. It had participated in a number of international initiatives in support of developing countries that were implementing needed reforms. It had recently joined in an effort to strengthen the international debt strategy in a new approach which placed stronger emphasis on voluntary debt and debt-service reduction as a complement to new lending by commercial banks and sound economic policies. Without sound policies no amount of debt or debt-service reduction could bring about economic recovery. The draft resolution just adopted should have acknowledged the central importance of appropriate domestic economic policies, which had been endorsed in other United Nations resolutions. His delegation hoped that the Secretary-General would present a more balanced perspective on that issue in the *World Economic Survey*.

14. Mr. LEMERLE (France), speaking in explanation of vote on behalf of the EEC and its member States, said that the economic difficulties emphasized in the first preambular paragraph did not affect all developing coun-

tries equally. The analysis to be included by the Secretary-General in the *World Economic Survey* should, if it was to be really useful and realistic, not only distinguish between gross and net transfers of resources and gross and net financial transfers, but also include a table of both kinds of transfer broken down by countries and groups of countries.

15. Mr. HUSSEIN (Observer for Malaysia), speaking on behalf of the Group of 77, expressed his regret that draft resolution E/1989/L.45 had not been adopted by consensus, since the Group of 77 had displayed great flexibility during the difficult and delicate negotiations on it. Although the text adopted differed substantially from the text of draft resolution E/1989/L.29 and was limited in scope, it was, however, balanced. It did not deny that domestic policies were important for the development of the developing countries. However, as the General Assembly had acknowledged, a supportive international economic environment was essential if domestic policies were to be successful.

16. The information given by the United States representative concerning sub-Saharan Africa would not be correct if relations with the Bretton Woods institutions were taken into account.

17. Mr. MAYIRA (Rwanda) said that if he had been present during the vote, he would have voted in favour of the draft resolution.

18. The PRESIDENT said that, in the light of the adoption of draft resolution E/1989/L.45, if there was no objection he would take it that draft resolution E/1989/L.29 was withdrawn.

It was so decided.

19. Mr. PAOLILLO (Uruguay), Vice-President of the Council, explained that draft resolution E/1989/L.47 on the "Interrelationship between economic and social factors" had been drawn up after long and detailed negotiations on draft resolution E/1989/L.34, submitted at the 32nd meeting. He hoped that it would be adopted by consensus.

Draft resolution E/1989/L.47 was adopted (resolution 1989/113).

20. Mr. ABDULLAH (Ghana) said that while his delegation did not oppose the main thrust of the resolution which had just been adopted, it wished to place on record its reservations regarding paragraph 2, requesting the Secretary-General, *inter alia*, to review the relationship between the economic and social factors and to analyse the impact of the world economic situation, including external indebtedness and other important problems in the areas of trade, finance and income, on the social situation of the developing countries. Ghana believed that external indebtedness was not the only major economic factor adversely affecting the world economic order. While recognizing that it was a topical and important issue, it believed that it was necessary also to recognize the existence of the more dangerous and serious situation of rapidly deteriorating commodity export prices. That new situation was making it increasingly difficult for commodity-dependent economies to improve the social well-being of their peoples. In his view, it would have been better to exclude any itemization of the economic situations that adversely affected the world economy.

21. The PRESIDENT said that in the light of the adoption of draft resolution E/1989/L.47, if there was no objection he would take it that draft resolution E/1989/L.34 was withdrawn.

It was so decided.

22. The PRESIDENT suggested that the Council adopt the following draft decision concerning documents considered by the Council in connection with its general discussion of international economic and social policy, including regional and sectoral developments:

"*The Economic and Social Council*

"*Takes note* of the following documents:

"(*a*) *World Economic Survey 1989* (E/1989/45 and Corr.1);

"(*b*) Report of the Committee for Development Planning on its twenty-fifth session (E/1989/29);

"(*c*) Summary of the economic survey of Latin America and the Caribbean, 1988 (E/1989/59);

"(*d*) Summary of the economic and social survey of Asia and the Pacific, 1988 (E/1989/55);

"(*e*) Summary of the survey of economic and social conditions in Africa, 1987-1988 (E/1989/68);

"(*f*) Summary of the economic survey of Europe in 1988-1989 (E/1989/61);

"(*g*) Summary of the survey of economic and social developments in the region of the Economic and Social Commission for Western Asia during the Third United Nations Development Decade (E/1989/67);

"(*h*) Report of the Secretary-General on the implementation of the Charter of Economic Rights and Duties of States (A/44/266-E/1989/65 and Add.1);

"(*i*) Report of the Secretary-General on international economic security (A/44/217-E/1989/56);

"(*j*) Note by the Secretary-General concerning reports submitted by the specialized agencies in pursuance of paragraphs 2 (*a*) (iv) and 2 (*b*) (ii) of Council resolution 1988/77 (E/1989/INF.8)."

The draft decision was adopted (decision 1989/182).

23. The PRESIDENT said that the Council had concluded its consideration of agenda item 2.

AGENDA ITEM 4

Revitalization of the Economic and Social Council (*concluded***)

24. Mr. PAOLILLO (Uruguay), Vice-President of the Council, said that the further revitalization of the Eco-

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** Resumed from the 34th meeting.

nomic and Social Council had been regarded as one of the most important and crucial topics of the current session. Two draft resolutions had been introduced at the 34th meeting on the subject, one by Malaysia on behalf of the Group of 77 (E/1989/L.39) and the other by France on behalf of the EEC and its member States (E/1989/L.40). As a result of informal consultations on the two proposals, in which all delegations had displayed a willingness to compromise, he had been able to prepare draft resolution E/1989/L.46, entitled "Further measures for the implementation of Economic and Social Council resolution 1988/77 on the revitalization of the Economic and Social Council".

25. Mr. STOBY (Secretary of the Council) drew attention to a number of errors in the operative part of the French text of the draft resolution. In paragraph 15, the words "nouveaux systèmes informatiques" should be replaced by "nouvelles techniques d'information". In operative paragraph 23, the phrase "ne se prolongent pas" should be replaced by "n'en soient pas prolongées". In paragraph 24 (*c*), the words "d'une réunion" should be replaced by "d'un segment". In paragraph 26 (*c*), the words "en particulier" should be replaced by "entre autres". In paragraph 8 of the English text, the word "themes" should be inserted after the words "major policy".

Draft resolution E/1989/L.46, as orally revised, was adopted (resolution 1989/114).

26. Mr. HUSSEIN (Observer for Malaysia), speaking on behalf of the members of the Group of 77, expressed the Group's satisfaction at the adoption without a vote of draft resolution E/1989/L.46, which had originated in draft resolution E/1989/L.39 submitted by the Group, on the basis of which the member States of the EEC had subsequently formulated draft E/1989/L.40.

27. The strong commitment of the Group of 77 to strengthening the Economic and Social Council and the United Nations as a whole had for the third consecutive year built up momentum in favour of the Organization's economic and social activities. He wished in that context to explain the Group's understanding of some of the more important paragraphs of the resolution just adopted.

28. In connection with the section on documentation, he noted that the work of the Council, including the conclusion of the session, had been considerably delayed by the late arrival of the necessary documentation. The Group of 77 therefore attached great importance to the speedy implementation of that section of the resolution. Success in reinforcing the Council's activities would depend to a large extent on the relevance and quality of the information and analyses available to it, particularly from the specialized agencies of the United Nations system. The Group of 77 had accordingly insisted on those parts of the resolution which affirmed the readiness of those agencies to implement Council resolution 1988/77. The most important mechanism instituted by the resolution was a high-level segment of the Council to engage in the in-depth discussion of major policy themes, on the basis of a six-year work programme using system-wide thematic analyses. That would at last enable the Council to perform its role of policy formulation, monitoring, coordinating and follow-up, with the full participation of the United Nations system. The decision to establish a specific substantive Secretariat support structure for the Council was an indispensable complement to revitalization. The necessary resources should be allocated in order to ensure the necessary level of expertise, the quality of the thematic analyses and consolidated reports, and full participation by the staff of the relevant specialized agencies. He emphasized that the Group of 77 had shown the greatest flexibility in order to ensure the adoption of the resolution without a vote.

29. He paid a tribute to the Vice-President, Mr. Paolillo, who had chaired the informal consultations and expressed the Group's appreciation to the Secretariat.

30. Mr. PAYTON (New Zealand), speaking also on behalf of Australia, said that the two delegations had been pleased to join the consensus on the draft resolution. Through its adoption of resolution 1988/77 by consensus a year earlier, the Council had already demonstrated its commitment to the task of improving the effectiveness and efficiency of its activities. The delegations continued to support the purpose of resolution 1988/77 and had participated in the negotiations on the current resolution on that basis. While they were conscious that some aspects of resolution 1988/77 remained to be implemented, they felt that the resolution just adopted took account of that while at the same time moving the process of revitalization forward. They were convinced that it represented progress, upon which they committed themselves to build at the forthcoming organizational session. They expressed appreciation to the sponsors of draft resolutions E/1989/L.39 and E/1989/L.40, which had formed the basis on which the current resolution had been negotiated. The degree of complementarity between them was a clear indication of the converging support within the Council and in the wider United Nations membership for revitalizing the Council's activities. The resolution adopted represented a delicate compromise on the part of all delegations, as had been the case with resolution 1988/77. The two delegations expressed their appreciation to the Vice-President of the Council for his skill in bringing the negotiations to a satisfactory conclusion.

31. Mr. BOUR (France), speaking on behalf of the EEC and its member States endorsed the consensus arrived at on the draft resolution. They were gratified that the Council had reached agreement on practical measures to facilitate progress in implementing resolution 1988/77 with a view to enhancing the effectiveness of the Council and its subsidiary bodies. They hoped that the provisions regarding major policy themes would be put into effect, and trusted that the Secretariat would be able to present a multi-year calendar for the consideration of those themes to the next organizational session. In respect of the thematic analyses, the resolution provided the Secretariat with valuable guidelines. It was his understanding that paragraph 25 authorized CPC to assist

the Council in examining the programmatic and co-ordination aspects. Lastly, the resolution gave the Secretary-General guidelines for setting up the secretariat structure which would be responsible for preparing the analyses. It would be the Secretary-General's prerogative to determine that structure as he thought appropriate, within the framework of existing resources, through the redeployment of staff and the use of extrabudgetary resources, for example by the seconding of experts from organizations of the United Nations family. In conclusion, he thanked all groups and delegations for the efforts that had been made to reach an agreement and endorsed the congratulations addressed to the Secretariat and to the Vice-President, whose exceptional patience had contributed to the fortunate outcome of the negotiations.

32. Mr. CAHILL (United States of America) said that, although his delegation had joined in the adoption by consensus of draft resolution E/1989/L.46, he regretted that it had not proved possible to go further in taking steps to promote the revitalization of the Council. He hoped that the draft resolution would lead to positive action and not be largely ignored, as its predecessor, Council resolution 1988/77, had been. His delegation continued to have some reservations about that resolution, particularly in regard to the structure of Secretariat support, but it was above all important that momentum should not be lost in the process for reform, which was to the benefit of all countries whether large or small.

33. Mr. PAOLILLO (Uruguay), Vice-President of the Council, thanked the delegations that had paid tribute to him. The consultations had at times proved extremely difficult and delegations had frequently raised points that required answers from the Secretariat technical and administrative supporting staff, and he, in his turn, wished to pay a tribute to the invaluable help provided by them.

34. The PRESIDENT announced that, as a consequence of the adoption of draft resolution E/1989/L.46, the sponsors had withdrawn draft resolutions E/1989/L.39 and L.40.

35. He said that the Council had concluded its consideration of agenda item 4.

AGENDA ITEM 6

Regional co-operation

Report of the First (Economic) Committee

36. The PRESIDENT invited the Council to take action on draft resolution I, entitled "Proclamation of a Second Industrial Development Decade for Africa", draft resolution II, entitled "African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation", draft resolution III, entitled "African Institute for Economic Development and Planning", draft resolution IV, entitled "Interregional co-operation for facilitation of international trade", and draft resolution V, entitled "Europe-Africa permanent link through the Strait of Gilbraltar", which appeared in paragraph 28 of the report (E/1989/142).

Draft resolutions I to V were adopted (resolutions 1989/115, 1989/116, 1989/117, 1989/118 and 1989/119).

37. The PRESIDENT invited the Council to take action on draft decision I, entitled "Venue of the forty-sixth session of the Economic and Social Commission for Asia and the Pacific", draft decision II, entitled "Venue of the twenty-fifth session of the Economic Commission for Africa and the 16th meeting of the Conference of Ministers of the Commission", and draft decision III, entitled "Reports considered by the Economic and Social Council in connection with the question of regional co-operation", which appeared in paragraph 29 of the report (E/1989/142).

Draft decisions I to III were adopted (decisions 1989/183, 1989/184 and 1989/191).

38. The PRESIDENT said that the Council had concluded its consideration of agenda item 6.

AGENDA ITEM 8

Operational activities for development

Report of the Third (Programme and Co-ordination) Committee

39. The PRESIDENT invited the Council to take action on draft resolution I, entitled "Development of human resources" and draft resolution II, entitled "Target for World Food Programme pledges for the period 1991-1992", which appeared in paragraph 34 of the report (E/1989/135).

Draft resolutions I and II were adopted (resolutions 1989/120 and 1989/121).

40. The PRESIDENT invited the Council to take action on draft decision I, entitled "Triennial comprehensive policy review of operational activities for development", which appeared in paragraph 35 of the report (E/1989/135).

Draft decision I was adopted (decision 1989/185).

41. Mr. HUSSEIN (Observer for Malaysia) speaking on behalf of the Group of 77, expressed his satisfaction at the adoption of the draft decision I. He recalled that the Group had introduced a draft resolution (E/1989/C.3/L.9) on 18 July and would have done so even earlier but for delays in the arrival of documentation. He regretted that, in spite of the known position of the Group, some delegations had introduced an alternative contradictory draft (E/1989/C.3/L.16) containing several substantive elements unacceptable to the Group. In spite of the flexibility shown by the Group in joining in negotiations on that draft, some of its sponsors had seen fit to criticize the Group's attitude and performance during the negotiations—a highly regrettable and perhaps uncalled-for proceeding.

42. He wished to emphasize that the Group would actively participate in discussions and negotiations on the subject during the forty-fourth session of the General Assembly. They wished to place on record their appreciation of the tireless efforts made by Mr. Oudovenko of the Ukrainian delegation to achieve the compromise embodied in the draft decision just adopted.

43. Mr. BABBINGTON (Observer for Australia) regretted that the Council had been unable to reach a substantive decision on the triennial review of operational activities for development. Although some of the documentation had arrived late, serious attempts had been made by many delegations to make real progress on the review. The draft decision just adopted did not, regrettably, demonstrate the necessary will to meet the many challenges to the relevance of the operational activities or do justice to the numerous contributions made on the subject during its consideration by the Council.

44. His delegation believed that the General Assembly would have to take substantive decisions on those matters at its forty-fourth session, and he hoped that informal consultations would be held prior to the session with all documentation available so as to enable all delegations to address themselves substantively to the many complex issues raised in the triennial review.

45. Mr. MAJOOR (Netherlands) also wished to express his delegation's disappointment that it had not proved possible to discuss a resolution on operational activities that went beyond merely procedural issues. All delegations had been aware since the Council's organizational session that documentation would not be complete, and it had been agreed that the review would be continued and concluded at the forty-fourth session of the General Assembly. It was also a recognized fact that the documentation that did eventually become available arrived late, although not as late as the documents on the revitalization of the Council, on which extensive and substantial discussion had in fact taken place. In his delegation's view, the Director-General's oral and written reports and various statements made by delegations could have provided a basis for a resolution to promote a more efficient and coherent approach of the United Nations system to operational activities.

46. He welcomed, however, the willingness on the part of all delegations to participate fully in the resumed discussion at the forty-fourth General Assembly session, in which his delegation looked forward to making an active contribution.

47. Mr. HARRISON (United Kingdom) joined the preceding speakers in regretting that it had not been possible to take a decision of substance on the triennial review of operational activities. Although some delegations had clearly been ready to address issues of substance, that had not been true of others. He wished to put on record his delegation's view that there was nothing in draft resolution E/1989/C.3/L.16 that was in any way contradictory to draft E/1989/C.3/L.9 submitted by the Group of 77. In any case, it was the sovereign right of all delegations to put forward whatever ideas they chose. His delegation looked forward to substantive and constructive debate on the issues concerned at the forty-fourth session of the General Assembly.

48. The PRESIDENT invited the Council to take action on draft decision II, entitled "Policy review of operational activities of the United Nations system", draft decision III, entitled "Operational activities for development: commemoration of 40 years of multilateral technical co-operation within the United Nations system", draft decision IV, entitled "Expression of appreciation to Mr. George Arthur Brown, Associate Administrator of the United Nations Development Programme, 1978-1989", and draft decision V, entitled "Documents considered by the Economic and Social Council in connection with the question of operational activities for development", which appeared in paragraph 35 of the report (E/1989/135).

Draft decisions II to V were adopted (decisions 1989/186, 1989/187, 1989/188 and 1989/189).

49. The PRESIDENT said that the Council had concluded its consideration of agenda item 8.

AGENDA ITEM 11

Programme and related questions (*concluded****):

(*b*) Calendar of conferences and meetings for 1990 and 1991

REPORT OF THE THIRD (PROGRAMME AND CO-ORDINATION) COMMITTEE (*concluded****)

50. The PRESIDENT invited the Council to consider draft decision I, which appeared in paragraph 12 of the report (E/1989/134). He asked the Secretary of the Council to inform the Council of the changes in the provisional calendar of conferences and meetings (E/1989/L.20, annex) in the light of decisions taken by the Council.

51. Mr. STOBY (Secretary of the Council) said that, in consequence of the adoption of decision 1989/183, entry 53 in the annex to document E/1989/L.20 should be amended by replacing Addis Ababa by Tripoli and entry 158 by replacing Bangkok by Kuala Lumpur.

Draft decision I, as amended, was adopted (decision 1989/190).

52. The PRESIDENT said that the Council had concluded its consideration of agenda item 11.

Closure of the session

53. The PRESIDENT observed that all delegations participating in the general debate had shared a number of

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*** Resumed from the 35th meeting.

concerns, as was reflected by the proportion of resolutions adopted by consensus. The disparity in economic performance was one of the major problems on which there was a large measure of agreement. Developed market economies and some developing countries had experienced economic growth and prosperity, but most of the developing countries, particularly in Africa and Latin America, had fallen further behind. The income gap between rich and poor countries was widening and, unless there was a marked change in basic conditions, that process might continue. Several debtor countries were said to be on the verge of economic chaos, and in some of them persistent austerity measures were causing social disruption and even political instability.

54. The structural imbalances in the world economy had continued to attract much attention, as had the instability of the international economic environment. A resolution adopted by consensus would lead to further work on early identification of economic phenomena.

55. The need to give high priority to environmental issues had been made very clear in the debate. There were differences as to the respective responsibilities of various groups of countries, but discussions in the Council on the environment had been constructive and produced positive results, particularly the progress made on the proposal for convening a conference on environment and development in 1992, and the consensus reached on the resolution on strengthening international co-operation on the environment, which dealt with the important issue of providing additional financial resources to developing countries for environmental programmes and projects.

56. Several delegations had drawn the attention of the Council to the apparent contradiction between the major role played by international trade in the acceleration of economic growth in 1988 and some protectionist moves. The importance of respecting GATT rules and bringing the Uruguay Round of multilateral trade negotiations to a successful conclusion had been stressed by many delegations.

57. The special 1990 session of the General Assembly on the revitalization of development had been seen as a major opportunity for Member States to grapple with the major inter-related problems facing the world economy. The Preparatory Committee had expressed optimism about the progress achieved since its last meeting, and the Caracas Declaration of the Group of 77 had also marked an important step forward.

58. Every effort must be made to ensure that the special session marked a new beginning; it could provide a framework for international co-operation during the 1990s, particularly in regard to the Second United Nations Conference on the Least Developed Countries, in 1990, the 1992 United Nations conference on environment and development, the eighth session of the United Nations Conference on Trade and Development and the international development strategy for the fourth United Nations development decade; that strategy must be realistic and establish the foundation for widespread growth and development. Several speakers had advocated the approach to its formulation suggested in the report by CDP (E/1989/29). The *Ad Hoc* Committee of the Whole for the Preparation of the International Development Strategy for the Fourth United Nations Development Decade had, as reported orally by its Chairman, showed a significant convergence of views among Governments on a number of key elements which augured well for its next session.

59. Human resources development, and the expenditures that it implied, had been widely viewed as a precondition for development rather than a luxury to be discarded in times of economic distress. And the integration of social and economic issues in the intergovernmental discussions had been deemed particularly important at the current juncture. The Council had paid particular attention to food and agriculture issues and had adopted by consensus an important resolution which renewed the international commitment to fight hunger, malnutrition and poverty.

60. Several speakers had noted the lack of progress in the least developed countries and most African economies; the African countries had prepared, with the assistance of ECA, the African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (ECA resolution 676 (XXIV) of 7 April 1989), aimed at growth and development in that continent.

61. The strengthening of the United Nations role, in particular the revitalization of the Council, had emerged as an important issue. Many delegations had noted the contrast between the considerable progress in political co-operation and the stagnation in economic and social affairs, including the growing marginalization of weaker economies. The need had been voiced to ensure a smoother transfer of technology to the less-developed countries, particularly in order to protect the environment. In discussions on operational activities, too, the general feeling had been that international development co-operation could and should be made more efficient and relevant, with wider participation, a task the General Assembly would have to face when completing the triennial comprehensive policy review.

62. He welcomed the Council's agreement on further measures to enhance its functioning as a follow-up to its resolution 1988/77; the good will expressed must be followed by practical steps on the part of the Member States and the Secretariat. The Council had much to do in putting its various resolutions into practice at its 1990 organizational session, particularly the concept of the multi-year work programme and improvements in documentation, the late distribution of which had adversely affected the Council's work during the current year. He was confident that the Council and the Secretariat would continue to take advantage of the current climate in order to ensure the success of ongoing efforts to improve the Council's functioning.

63. The Secretary-General, (17th meeting) had pointed to the close connection between economics and political

stability. Many delegations had also stressed that connection, noting the link between human rights, democratization processes and economic and social development. But the consequences of inaction or inadequate efforts were cumulative and, in the long run, would be enormous. Revival and growth in developing countries whose economies had fallen behind was imperative; their social conditions could not be allowed to deteriorate further. And nowhere should ecological degradation be allowed to produce irreversible damage. The time had come to forge a consensus that would lead to effective and concerted action. That was perhaps the Council's greatest responsibility.

64. He reiterated that, although the Council could not solve the world's economic problems during one session, it could promote their solution. In that sense, the Council had succeeded during the current session, although the latter had not achieved any major new initiatives or decisions on international economic and social problems. In view of the forthcoming major events for the United Nations system, such as the special 1990 session of the General Assembly and the preparation of the new international development strategy, delegations had understandably eschewed initiatives that might prejudge the outcome or affect the negotiating climate for those tasks and events. Instead, it had conducted a constructive exchange of views on them.

65. In conclusion, he thanked the Vice-Presidents of the Council, the members of the Council, the observers and the Secretariat for facilitating his task during the current session.

66. Mr. HUSSEIN (Observer for Malaysia), speaking on behalf of the Group of 77, congratulated the President, Vice-Presidents and members of the Bureau on their efforts in guiding the Council's work. The current session had been characterized by a climate of frankness, friendliness and flexibility which had enabled a number of major decisions to be adopted by consensus. He also expressed the Group's thanks to all the Secretariat staff for their contribution to the Council's proceedings.

67. Mr. LEMERLE (France), speaking on behalf of the EEC and its member States, expressed his appreciation of the President's skill in guiding the deliberations of the current session, and his thanks to the other members of the Bureau and to the Secretariat.

68. Mr. OUDOVENKO (Ukrainian Soviet Socialist Republic), speaking on behalf of the socialist countries, thanked the President for his guidance, which had enhanced the constructive atmosphere of the current session—although more positive results might have been expected, particularly with regard to the Council's revitalization, a task to which those countries would continue to pay great attention. He thanked all the members of the Bureau, and the members of the Secretariat, for their contributions to the Council's deliberations.

69. Mr. CAHILL (United States of America) thanked the President and all the members of the Bureau, and the Secretariat staff, for their contribution to the work of the current session. He expressed particular thanks to the members and observers, even those who, on some issues, had been his delegation's opponents, for their unfailingly patient and constructive approach. He felt sure that, given such understanding and tolerance, all matters of international contention would in time be resolved.

70. Mr. WANG Baoliu (China) expressed his delegation's thanks to the President and members of the Bureau and the Secretariat, as well as to the Group of 77 and other groups and delegations, whose co-operation had enabled the Council to reach basic agreement and make constructive suggestions on a number of issues. For a number of reasons, however, certain questions on which decisions ought to have been taken would have to be deferred until the General Assembly's forty-fourth session or the Council's organizational session in 1990. It was also unfortunate that the Council, a forum for the discussion of economic and social affairs, had been used by some delegations during the current session for an unwarranted interference in the internal affairs of a sovereign State; the inappropriateness of such action, which also interrupted the Council's normal work, should be noted with a view to its avoidance in the future.

71. Mr. KAGAMI (Japan) said that his delegation endorsed the expressions of appreciation to the President and members of the Bureau, on successfully fulfilling their tasks during the current session, and the thanks expressed to the members of the Secretariat.

72. The PRESIDENT declared the second regular session of 1989 of the Economic and Social Council closed.

The meeting rose at 12.30 p.m.

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